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1.6 tumble

FINANCIAL TIMES

FRIDAY DECEMBER 20 1996



Diamonds, deals and intrigue

Weekend FT

The FT's five-part Christmas special starts tomorrow

Rhône-Poulenc and Merck link on animal drugs

Merck of the US and Rhône-Poulenc of France say they will pool their animal health busi-nesses. The 50/50 Merial joint venture will bring together the veterinary activities of Rhône Mêrieux and Merck AgVet. With annual sales of \$1.7bn, it will be a world leader. Page 21

Trader wins right to \$1m bonus pay: Joseph Jett, the US bond trader accused by Kidder Peabody, his former employer, of creating \$350m in fictitious profits, has won the right to draw \$1m of bonus pay that has been frozen since 1994. The ruling was by the National Association of Securities Dealers.

GKN may face \$654m damages: UK engineering group GKN warned that it could be hit by damages of up to \$554m after losing a compensation claim case against one of its US car parts subsidiaries. Page 21: Lex. Page 20

Banks invest in Venezuela: Spain's leading banking groups, Banco Santander and Banco Bilbao Vizcaya, continued their race in Latin American by buying into Venezuela's two top private sector banks. Page 21

Swissair warms of loss: Shares of Swissair fell by more than 5 per cent after Switzerland's national airline warned it might incur a loss for the second successive year. Page 21

Hanoi attacks foreign banks: Vietnam's central bank criticised the country's 22 foreign banks for "common problems" including a reluctance to lend domestically, a failure to observe foreign currency lending rules and poor training of Vietnamese staff. Page 4

Germany to cut business tax rates: The parties in Chancellor Helmut Kohl's coalition government agreed to cut top tax rates for busi-nesses from January 1998, to stimulate investment and jobs and as a step to reforming income and corporation tax systems. Page 2

Probe into Nazi gold: Swiss historian Jean-Francois Bergier will head an international investigation into Switzerland's role as a financial centre during the second world war and its relations with Nazi Germany. The probe is expected to shed light on the fate of looted Nazi gold, Page 2

Monica Seles loses knifing lawsuit: A court rejected a claim by Monica Seles for \$16m from the German Tennis Federation for the 1993 knife attack by a spectator at the Hamburg Open that kept her out of the sport for two years. Page 2

Aircraft orders soar: The world's top aircraft makers are ending the year with the hest number of orders for six years. Boeing the US leader which intends to take over McDonnell Douglas, has won 645 orders worth \$47bn, while Airbus Industrie, the European consortium, has 309 orders. Page 6

Solvay, the Belgian chemical company, finalised purchase of a 60 per cent stake in Sodi Devnaya, Bulgaria's most profitable chemical company, for \$160m in cash and a pledge to invest \$67m over five years. Page 3

Cigarette-maker is Ulster bound: Gallaher, the UK tobacco firm, is switching operations to Ulster, resulting in the loss of nearly 1,000 jobs at its Hyde factory in Manches ter but creating 300 jobs with a \$66.8m investment at Lisnafillan, near Ballymena, Co Antrim

Actor Marcello Mastrolanni dies at 72

Marcello Mastroianni, screen symbol of the Latin lover, died at his Paris home. Ha reportedly had suffered pancreatic cancer. At his bedside were French actress Catherine Deneuve, their daughter, Chiara, and Mastroianni's daughter Barbara by his wife

Flora. Since his debut in 1947, the Italian actor starred in more than 120 films, won two best actor awards at Cannes and was nominated for an Oscar.

Century for Flower: England were 48 for one at the end of a rain-shortened second day in the first cricket test against Zimbabwe in Bulawayo. Earlier the home team had made 376, with Andy Flower scoring 112.

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Unemployment expected to remain problem in industrialised nations

ECD predicts faster growth

By Graham Bowley in London

The world's industrialised nations are heading for a period of faster growth with little risk of inflation, tha Organisation for Economic Co-operation and Development said yesterday.

But the Paris-based body, which acts as a think-tank for 29 of the world's industrialised economies, warned that unemployment would remain a big problem, especially in main-land Europe.

It also downgraded its forecasts for growth next year in four out of seven of the world's leading economies.

In its latest half-yearly eco-

nomic report, the OECD forecast that growth across tha industrialised world would be 24 per cent next year, slightly less than the 2.5 per cent it predicted in the summer.

upbeat analysis of growth this year. Gross domestic product in 1996 is estimated to rise 2.4 per cent, higher than the 2.1 per cent predicted six months ago. Growth in 1998 is forecast to rise to 2.8 per cent. The UK and Canada will be

But this follows a more

the fastest growing economies among the Group of Seven leading industrial nations next year, Italy and Japan the will

The OECD said the prospects

for sustained growth and low inflation in the UK were the best for 30 years, helped by buoyant consumer spending and a recovery in investment.

The organisation said growth had become more balanced across the industrialised world with a "robust and sustainable" expansion continuing in the US. Japanese and continental European economies were also strengthening after a sluggish performance

over the past two years. Despite the improved outlook, the organisation said growth of output and living standards were likely to fall short of postwar achievements in all leading OECD regions.

It called for countries to step up efforts to make labour markets more flexible and to make inroads into government bor-rowing and debt.

in Paris, Mr Kumiharu Shigehara, OECD chief economist, said of the forecasts: "The major blot on this picture is the high unemployment that will persist in Europe, even if it should decline somewhat in the next couple of years."

The OECD said most European countries including Germany, France and Italy were within reach of qualifying for the public borrowing criteria for monetary union, but only if governments implemented

Japanese prime minister

Ryutaro Hashimoto (right)

addresses a task force set up

to handle the hostage crisis at

the Japanese ambassador's

residence in Lima. Negotiating

teams from up to 12 countries

next year to 2.2 per cent from 2.4 per cent and halved its prebudget deficit next year of 3.4 per cent of GDP, above the Maastricht limit, though this could fall to 3 per cent if prom-

countries' efforts to cut public borrowing to qualify for the single currency were taking a toll on economic growth. It argued that countries should be able to cut interest rates to foster stronger growth without risking higher inflation as long as they made genuine commitments to sus-

ised spending cuts are made.

But the OECD warned that

tained reductions in public The OECD shaved down its forecast of German growth

diction of Italian growth next year to 1.2 per cent. But it stepped up its forecast

for the US. The US economy is expected to grow 2.2 per cent next year and 2 per cent in 1998, slightly slower than the 2.4 per cent predicted for this year. The US federal funds interest rate is forecast to rise by a quarter point early next

The Japanese economy is forecast to slow in 1997 after surging this year. But its economy should recover again in 1998 as interest rates remain unchanged in 1997 but rise in 1998.

Elf offers to sell control of Sanofi drug group

By Daniel Green in London and David Buchan in Paris

France's Elf Aquitaine offered to sell control of Sanoti, its pharmaceuticals business, yesterday, setting the scene for another multi-billion dollar deal in the drugs sector,

Sanofi should "move neares other pharmaceutical laboratories, through a merger, in order to speed up its development and increase its profitability", the oil company said. Rif has a 53 per cent stake in Sanofi and wants to

"remain an important share-

Sanofi's market value of about FFr50bn (\$9.52bn) puts it about 20th in the world ranking of pharmaceuticals companies by sales, together with Zeneca of the UK, Kisai of Japan and Wazner-Lambert

of the US. The merger proposal sent the share prices of Elf and its quoted substitiary up sharply on the Paris Bourse. Elf rose by 4.5 per cent to close at FFr455.8 with 1.3m shares traded. Sanofi put on 6.2 per cent to close at FFr494 with 713,000 shares traded ~ nearly

10 times the previous day. A takeover would mark the latest stage in a series of mergers and acquisitions in the drugs industry worth more than \$100bn in the past three years.

French companies have largely been left out of the deal-making although earlier this month Germany's Boechst, which holds 56.53 per cent of French pharmaceu ticals group Roussel Uclaf, made a FFr18.1bn offer to buy out minority shareholders.

The biggest deals in recent years included Glaxo's £9bn (\$15bn) takeover of Wellcome of the UK and American Home Products' \$10bn acquisition of American Cyanamid. Of French-controlled compa

nies, Sanofi is second in size only to Rhône-Poulenc, the chemicals company which has a controlling stake in USbased Rhime-Poulenc Rorer. RPR is a logical partner for Sanofi because of its strength

in North America, where Sanofi relies on its partners Bristol-Myers Squibb and Searle, part of bioscience company Monsanto. However, Mr Igor Landau,

Rhone Ponlenc's managing director, said yesterday: "In pharmaceuticals we are very strong in six major areas. We are not interested in an alli-ance or an acquisition." Sanofi is also understood to have held merger talks in recent months with Searle and

> Continued on Page 20 Lex, Page 20 and a weaker than expected

Negotiating teams head for Lima



Record exports prompt big fall in US trade deficit

Philip Coggan in London

Tha US trade deficit fell sharply in October, dropping from \$11.4bn in September to \$8bn, the Commerce Department said, as exports soared to

a record \$71.7bm.

However, the politically sensitive deficit with Japan surged by 31 per cent to almost \$5bn, the worst US showing in 14 months, mainly due to a jump in car imports. The deficit with Japan just surpassed the US trade gap with China. at \$4.9bn, foreshadowing more US trade tensions with both

Most of the overall decline in the deficit was due to a rise in civilian ahcraft sales - a notoriously volatile sector - which tha Commerce Department said accounted for \$1hn of the export increase. Foreign sales of telecommunications equipment and information technology products also rose sub-

stantially. The October deficit was Street economists' forecasts. Morgan Stanley, the investment bank, said the trade data had "positive implications" for the fourth quarter gross

domestic product, although "it would obviously damage the view that the economy is on a slowing trajectory". The bank predicted that consensus forecasts for fourth quarter growth would "begin to move into the 3-3.5 per cent

range". The decline in the deficit,

were arriving in Peru yester-day to help negotiate with the leftwing guerrillas who stormed the residence on Tuesday, taking at least 200 hostages. Report, Page 8 Philadelphia Fed survey, were welcomed by the US Treasury bond market, where the benchmark 30-year issua was more than half a point ahead at 1pm

sury was auctioning \$12.5bn of five-year notes yesterday. Stronger Treasury bonds gave a lift to shares on Wall Street, where the Dow Jones Industrial average continued tha rebound it enjoyed on Tuesday and Wednesday. In late trading it was up more than 100 points at about 6,449.

New York time. The US Trea-

In turn, the strength of the US market helped European bourses to rally. Paris gained 1.3 per cent while in London, the FTSE 100 index, helped also by hopes of more bid activity, jumped 33.1 to 4,051.3. Mr Mickey Kantor, US com-

merce secretary, dismissed the rise in the deficit with Japan as typical for the start of a new car model year. The Coalition of Service vices surplus with Japan was

Industries noted that the ser-\$9.1bn during the first half of 1996, offsetting 40 per cent of much narrower than Wall the goods shortfall during the Imports were \$79.7bn for the

month up \$2.9bn from September. Mr Kantor said the growth in exports was slightly ontpacing the rise in imports. He contended that only the export side of the equation was significant becausa "two-thirds of imports are raw materials or component parts for finished goods which we either reexport or add value in the US*

> London stocks, Page 36 World stocks, Page 40

Germany sets money targets to help Emu

The Bundesbank vesterday set its sights firmly on European monetary union by flxing a two-year money supply goal which should reduce market uncertainty before the D-Mark's planned replacement by the euro in 1999.

The decision will put pressure on the proposed European central bank (ECB) to use money supply as a central instrument of policy.

Mr Hans Tietmeyer, president of the Bundesbank, said he saw "a very good chance" that the ECB would put the targeting of money supply at the centre of its monetary strategy. "This is a clear stability signal for the markets." It money circulates in the Gerwould help create public confidence in financial stability ahead of Emu and help give the ECB "as frictionless a start

as possible". However the decision on which monetary strategy to use would be up to the ECB. Some central banks, including the Bank of England, prefer to target inflation rather than the money supply.

The announcement marks a break with tradition for the German central bank, which has set one-year money supply targets since 1975, although it has not always met them. At its pre-Christmas council meeting yesterday, it fixed target rates for both 1997 and 1998 of 5 per cent growth in M3, the broad monetary aggregate that covers cash and short-term deposits.

This compares with a target range of between 4 and 7 per cent for this year. For 1997, it eased the range to between 3.5 and 6.5 per cent to allow for potential growth in production of some 2 per cent, mediumterm inflation of 1.5 to 2 pe cent and the speed with which man economy, it will decide on upper and lower M3 growth limits for 1998 in a year's time.

Mr Theo Waigel, the German finance minister, welcomed the Bundesbank's decision, saying this "underlines Its commitment to contributing towards the creation of a stable European currency in

Continued on Page 20



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Seles loses in

damages claim

yesterday in a bid to win damages from the German

which kept her out of the sport for more than two

Tennis Federation (DTB) for a knife attack by a spectator

A Hamburg court rejected her claim that the DTB was

negligent in security arrangements at the Hamburg Open

claimed DM24.4m (\$15.75m) for damages and lost earnings

The court did not publish the full text of its judgment but said in a statement the DTB could not have been

expected to provide protection against such an attack as nothing similar had happened before. Reuter, Hamburg

in April 1993, allowing Mr Gilnter Parche to jump from

Lawyers for Ms Seles, who was not in court, had

EUROPEAN NEWS DIGEST

the stands and knife her in the back.

from her 27-month lay-off after the attack.

Low wage rise in fresh German deal

employers and employees have ernment recently cut the statutory lows the pattern set by the engiagreed the lowest wage rise for a minimum sick pay levels from 100 generation, in exchange for e deal to 80 per cent. to keep sick pay at 100 per cent of

many's second biggest industry is in line with inflation. In return for typical of this year's wage round in full sick pay, the 13th-month bonus ond. The Christmas honus falls several sectors and regions, as high will be cut by 5 per cent. Taken unemployment forces unions to together, the deal barely keeps real forgo big wage rises.

The chemical sector deal closely resembles an engineering industry accords, following the cut in statu-eration, says 10m employees are

'contact'

any links

By Clay Harris in London

and Davrell Roberts Tien in Stockholm

The man listed as New York

"contact person" for Fair-

bank, the currency trading

company under investiga-

tion in Sweden, claimed yes-

terday his name had been

used without his permission

Mr Evans Tso, an

employee of JP Morgan, the US bank, confirmed the Man-

hattan address listed on

company documents as the

representative office of Fair-

bank (New York) Ltd was

that of his apartment, JP

He said: "I have no busi-

ness interest, no financial

interest in the firm. They

have no ownership of anything in New York. I've no

Mr Tso said he had known

Mr Dannis Cheung, Fair-

bank's director, since stu-

dent days. "He is the cousin

of my uncle's ex-wife," Mr Tso said. He had last seen

Mr Cheung in London in

Mr Tso said he also knew

Mr Kenneth Yeung, who ran

Fairbank's London opera-

tion, and Mr Hugo Lau, listed as contact for Fair-

bank's Hong Kong office. He

said he planned to take legal

Fairbank has marketed a

high-risk currency specula-

tion scheme to ethnic Chi-

nese investors in Sweden.

suffered by many of them, a

prosecutor in Sweden's seri-

ous economic crimes squad

launched an investigation.

Mr Cheung this week dis-

missed all the staff and

sought to put the company

The FT has learned the

Swedish company was a "pass through" operation

acting as agent for a com-pany called Fairhank Cur-

rency Exchange LLC.

Money went straight in and

professional who investi-

former Fairbank employees, made in statements to Swed-

liability company registered in the US state of Delaware.

Internai company docu-

ments list an address for it

in Old Compton Street, Soho,

London, the same as Cur-

rency Exchange Services.

which supplied prices to

The same office had also

been used by Pagoda, Mr

Cheung's previous UK cur-

rency trading company,

which is under investigation

by the UK's Serious Fraud

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Fairbank in Sweden.

THE FINANCIAL TIMES

Stockholm to London. Fairbank LLC is a limited

into voluntary liquidation.

action against Fairbank.

idea what's going on".

Morgan had no comment.

or knowledge.

denies

By Wolfgang Müncheu in Frankfurt agreement. In hoth cases, the tory minimum sick pay (an covered by 100 per cent sick pay, no incentive to hire more workers unions won s contractual pact for German chemical industry full sick pay, even though the gov-

Under the chemical industry The structure of the deal in Ger- will receive a 1.5 per cent pay rise

wages from falling. The trend for the round of wage

attempt by the government to cut neering sector.

These engineering sector deals (the first reached in Lower Saxony pact, 590,000 west German workers e few weeks ago) cover two years, with a 1.5 per cent wage rise in the first year, and 2.5 per cent the secfrom 60 per cent of the monthly wage to 55 per cent; sick pay continues et full scale.

The DGB, the German union fed-

This marks a considerable victory Germany's high labour costs), fol- for Germany's trade unions, for awards. whom the sick pay fight has taken on symbolic significance.

The employers are relatively content because the agreements avert strike action, unpalatable during an incipient economic recovery, and because actual reductions in unit wage costs are implied in most

Mr Werner Stumpfe, president of Gesamtmetall, the engineering enough for Germa employers, said the deals had weaknesses: they give employers gaining to survive.

and they keep the old sick-pay

The chemical employees wera not jubilant. An official said: "This is the best deal in be had as things

Chemical employers in particular failed to renew their pledge from last year to retain employment levels, though they did give a commitment over training.

The agreement is seen as good enough for Germany's system of regional industry-wide wage bar-

Thomson-CSF decision delay

The French government will decide on the terms of a privatisation of the Thomson-CSF defence company in early January, a source at the prime minister's office said

The government wants to sell its 58 per cent stake in Thomson-CSF in the early part of 1997, separately from Thomson Multimedia, the loss-making consumer electronics company, to speed the privatisation of the entire Thomson electronics group. The source said the delay of the decision, which had been scheduled before Christmas, was due to the approaching holidays and the departure of staff. On December 4 the government suspended the privatisation of Thomson because an independent privatisation commission did not approve of the sale of Thomson Multimedia to Daewoo Electronics of

French tobacco company sued

Seita, the French tobacco company, is being sued by a smoker with cancer in the first legal case of its type in

The smoker hlames his cancer on consumption of Seita's famous Gauloises Brunes cigarettes and Seita said he is seeking damages for what he alleged was a lack of nformation about the risks of smoking.

Seita said there was no legal substance to the plaintiff's allegations and that it was confident about the outcome of the court case. It said that the only similar legal proceedings undertaken in France were brought against a bank by the family of an employee who claimed that she had been the victim of passive smoking. A Paris district court threw out the case on November 20, 1996 saying there was no basis for the action.

Russian nuclear physicist dies Mr Yuli Khariton



(pictured left), the nuclear physicist widely regarded as the father of the Soviet atom bomb, died yesterday aged 92 Khariton, one of Russia's a most honoured and decorated scientists, often said the greatest moment of his life came on August 29, 1949 when the first Soviet atom bomb was tested near Semipalatinsk in Kazakhstan. Four years later, in October 1953, the Soviet Union

tested its first hydrogen

bomb. Mr Khariton admitted his research centre at Sarov, then known as US nuclear project provided by western atom sples such as Mr Klaus Fuchs. But he always insisted Moscow's bomb was mostly the result of the work of Russian

Portugal fires rail board

The Portuguese government has fired the management board of state-owned railways Caminhos de Ferro The decision, which followed disagreements between

the government and management linked to the restructuring of CP, had been made earlier but was officially passed at yesterday's cabinet meeting.

The government named Mr Manuel Antunes Frasquilho as the new CP president. The railway lost Es59.8bn (\$380.6m) in 1995, partly as a result of increased investment costs, compared with a loss of Es48.4bn the

Turks pass balanced budget

Turkey's parliament has approved the country's first ever balanced budget. Ministers in the Islamist-led coalition say the budget will help stave off an impending economic crisis by reducing inflation of 60 per cent and iowering interest rates, among the highest in the world.

The government plans to spend \$45.93bn next year. Transfers, mainly to the deficit-ridden social security system and servicing the government's \$100bn in domestic and foreign debts will take up nearly 60 per cent of spending, leaving one-quarter for civil service wages. Few economists expect the government to succeed in palancing its budget and forecast a deficit equal or possibly slightly lower than this year's spending gap of 12-13 per cent of gross national product.

The government expects \$8.5bn through sale of state ssets and privatisations. This year's budget deficit is three times larger than estimated in the heavily revised original budget.

John Barham, Ankon John Barham, Ankara

ECONOMIC WATCH

Czech GDP expands by 3.6%

The Czech Republic's gross domestic product expanded by 3.6 per cent in the third quarter of this year, bringing the growth rate for the year to date to 4 per cent compared with 4.8 per cent in the first three quarters of 1995, the Czech Statistics Office (CSU) sald yesterday.

The third-quarter slowdown was in line with forecasts by economists and confirmed the CSU's move last month to cut its forecast of fuil-year growth to 4.8 per cent from 5.3 per cent, because of a slowdown in west European economies, especially Germany. GDP growth this year is now expected to be in line with last year's expansion of 4.8 per cent.

The slowdown was also highlighted yesterday by the Organisation for Economic Co-operation and Development, which forecast that GDP growth next year would slow again, to 4.6 per cent. But growth would accelerate in 1998 after an expected peak next year in the

country's current account deficit. The deficit is expected to reach 7 per cent of GDP this

year and next because of high imports of technology for investment Vincent Boland, Prague ■ The Danish consumer price index rose 0.2 per cent in

November from October. Year-on-year, the November index was up 2.4 per cent. ■ Sweden had a current account surplus of SKr6.9bn

(\$1bn) in October following a revised surplus of Skr3.3bn in September. ■ Norwegian unemployment rose to 3.6 per cent in December from 3.5 per cent in November.

Currency Bonn to cut top business tax rates

By Peter Norman in Bonn

The parties in Chancellor Helmnt Kohl's coalition government yesterday agreed to cut top tax rates for busies from January 1998 in a hid to stimulate investment and jobs and as a first Maastricht criteria for ecostep to reforming Germany's nomic and monetary union income and corporation tax

However, Mr Theo Waigel. the finance minister, ical tax reform" the minister streseed that the changes would be revenue-neutral balanced by broadening the tax base through cutting tax on energy consumption companies' tax allowances

He insisted Bonn's tax reform plans would not prevent Germany hringing its 1998 government deficit below the 2.5 per cent of gross domestic product already planned for next year as part of a policy of meeting the on a sustained basis.

As a step towards opposition demands for an "ecologsaid Bonn would seek European Union permission to levy a special value added higher than the present 15

Grving an interim report on the work of the government's tax reform commission, Mr Waigel confirmed that the solidarity surcharge added to income tax and corporation tax bills to help finance eastern Germany would be cut to 5.5 per cent from 7.5 per cent from the start of 1998 at a cost to the government of DM7.5bn (\$4.8bn) a year.

The two percentage point cut handed a much needed political victory to the small Free Democrat party, which two months ago precipitated a crisis in the coalition after

at the start of next year. The FDP will now be able to boast of its success as a taxentting party at its tradi-tional Epiphany rally in Stuttgart next month. Mr Waigel refused to say how far the government planned to cut the rates on

the surcharge that was due

income and corporation tax for businesses or how it would finance the moves. Such details, together with Bonn's plans for a thorough reform of the income tax system for individuals from 1999, would be published parliament representing the

Meanwhile, the government plans a separate initia-

tive to ease the tax burden on businesses in 1997. It will introduce legislation next month to scrap the local trading capital tax, which finances local government Mr Waigel has tried to

abolish the tax in the past, mnly to see his efforts founder on the opposition of Social Democrat controlled states, which have a majority in the Bundesrat, the second chamber of the Bonn

The current president, Mr Mikhail Nikolayev, a quietly

spoken 59-year-old former

Communist party leader, is

seeking a fresh mandate to

pursue his cautious reform

policies and to strengthen

his negotiating hand with

Despite a seemingly lack-

Diamonds are no longer forever

ways a regulation nondescript pre-fabricated tower blocks and smelly water, with a bust of a granite-faced Lenin still glowering over the main square. Bnt this town of 40,000

people is remarkable for two reasons - one geological, the other geographical. Located in the icy depths of Siberia more than 8,000km east of Moscow, Mirny lies at the heart of one of the world's richest deposits of

diamonds, producing about a quarter of global supply. It also ranks as one of the ited places on earth, where minus-60 degrees Celsius in winter, turning the extrac-

against the elements. Russian pioneers, mingled in the town's outdoor street markets this week, they had far more than the weather on their minds.

The very fate of Russia's diamond industry is being decided in a bitter highstakes struggle involving Moscow's ministries, the regional government of republic, and the De Beers corporation of South Africa, which has bought the bulk the industry in many coundent export channels.

The very fate of Russia's gem industry hangs between the icy depths of Siberia, Moscow and Johannesburg, writes John Thornbill

of the country's diamond output for the past 35

On Wednesday, De Beers turned up the heat by angrily threatening to tear up its \$1.2bn-a-year marketing contract with Russia at the end of the year unless a new agreement was quickly approved. It has grown increasingly frustrated at unofficial "leakages" of Ruscoldest permanently inhab- sian diamonds on to the world markets, recently runtemperatures drop to ning at a rate of \$80m a

Mr Vyacheslav Shtyrov, tion of luxury gems into a head of Almazy Rossii Sakha life-threatening battle (ARS), the local diamond producing company, says the hundreds of thousands of But as Mirny's resilient uncertainty over the De people working in this indusesidents, a mixture of indisents, and in the indisents of indisents enous Yakut peoples and dragged on for almost a jobs and high incomes. year, is harming the development of the local industry. It vice-president of Sakha is also frustrating ARS's republic, blames the federal plans to raise \$500m from government's delay in international banks to

exploit new deposits. "The history of the past 65 years has shown that De Beers has succeeded in sup- Moscow which wished to porting a high price for diamonds," Mr Shtyrov says in He hinted that they had Sakha (formerly Yakntia) a stern defence of the agreement. "It is thanks to this the world market in an that different hranches of attempt to establish indepen-



tries of the world and many

Mr Shtyrov, who is also approving a preliminary three-year agreement signed with De Beers in Fsbruary on "powerful forces" in grab control of the industry. been leaking diamonds on to

lighting alleged tax abuses. "ARS," wrote the Izvestiya newspaper recently, "which already contributes nothing

He also blamed them for

fanning a media campaign

against the company, spot-

to the federal hudget and has virtually suspended pay-ments into the local budget, is gradually becoming a 'black hole' in our economy through which the diamond complex's resources are beginning simply to drain out of the country."

Mr Shtyrov argues that Russia cannot remain in an indefinite state of "neither peace nor war" with De will soon approve it.

negotiating equation could soon be clarified when the vast republic of Sakha, with 1m inhabitants in an area five times the size of France, goes to the polls on Sunday to elect a new president. industry observers believe the struggle for control of

Russia's diamonds exports disguises a political fight between Moscow and the republic of Sakha, which has been charting an increas- See Lex, Page 20

lustre campaign, Mr Nikolayev is favourite to win. He has 25 per cent support in recent opinion polls against 10 per cent for his nearest

the Kremlin.

As he tours Mirny's industrial plants, dressed in a fine fur hat and boots, Mr Nikolayev listens to demoralised workers complain that they have not been paid for months while prices have continued to rise.

His defence that condi-Beers and is hopeful that tions are far worse in other President Boris Yeltsin, who regions of Russia may have inspires much enthusiasm One factor in the complex among an electorate which backed him with 76 per cent of the vote five years ago.

"We used to believe in a clear future and there was happiness in our work." says one expert in ARS's diamond sorting plant and an early pioneer who helped build Mirny in the 1960s while living in a tent.
"But now things are all

confused and people are no ionger prepared to wait."

straight out," an external gated Fairbank's Swedish EU to ban antibiotic operation said. His conclnsion supports accounts by ish police, that cash was regularly transferred from

By Caroline Southey in Brussels and Maggie Urry in London

The European Union is set to ban the use of a widely used antihiotic called avoparcin in animal feeds on the grounds that it poses a risk to human health.

farmers in most EU countries for 30 years. Its popuiarity stems from the fact that it makes the digestive process in animals more efficient, which in turn stimulates growth.

Mr Franz Fischler, European commissioner for agriculture, pressed for the ban after fresh evidence from Denmark and Germany that the drug leads to resistance to certain antibiotics in animals and that its presence in the food chain could in turn limit the effectiveness of antibiotics used to treat infections in humans.

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GERMANY:
RESPONSIBLE for Advertising: Colin A. Kon-Mr Fischler's proposal yesterday won the backing of the association's director the EU's animal food com- said. mittee, which voted 14 to 1 in favour of an EU-wide ban. Britain voted against, arguing there was no scientific reason to justify the ban.

The committee'e vots The decision was attacked by the European Federation tific information". of Animal Health, which represents companies making

veterinary medicines. "Banning safe products will reduce European farm- have taken precedence over ers' ability to produce safe and high-quality food at an

Forges de Clabecq, the Belgian steelmaker, will today file for bankruptcy after the regional government decided in withdraw support following the European Commission's move to block a BFr1.5bn (\$47m) rescue package for the company, writes Neil Buckley in Brussels.

The regional government of Wallonia, Belgium's

French-speaking sonthern half, said it could no longer support Clahecq, of which it owns 40 per cent, after the Commission ruled on Wednesday that the aid package

the fate of the company, puts 1,700 jobs at risk. Analysts believe the company can survive only in a radically slimmed-down form.

support Wallonia through regional help designed to attract new investors in modern industrial sectors.

affordable price," it said. However, it was welcomed by others such as the Soil Association, a UK group which advocates organic farming. "We must stop putting short-term commercial intereste ahove the long-term health of the population," Mr Patrick Hoiden,

consumer interests.

Germany and Denmark

An EU official admitted ministry added.

Swiss historian to lead inquiry into Nazi gold

By William Hall in Zurich

Mr Jean-Francois Bergier, 65, a leading Swiss historian. has been chosen to head an international commission of experts to investigate Switzerland's role as a financial centre during the second world war and its relations with Nazi Germany. Mr Bergier is one of eight

historians on a nine-strong panel set up by the Swiss government to examine the country's wartime record, following mounting allegations it is still hiding billions of dollars of looted Nazi gold. Tha appointment of the

panei coincided with a report, completed in little more than a month, by two Swiss historians on whether the Swiss government used funds from dormant Swiss bank accounts to compensate Swiss nationals.

The report rejects charges that Swiss citizens were directly paid with money from Holocaust victims to settle claims for communistseized property in Eastern Europe after the eccond world war. Switzeriand had assigned

funds from dormant accounts to communist-ruled Poland and Hungary under poet-wer compensation of Switzerland's banks, critaccords for confiscated Swiss property, in line with principles of international private law. The money helped both countries meet compensa-

not tantamount to paying off Swiss citizens, the report said.

Reaction in Switzerland yesterday was relief that the commission had heen appointed.
The Swiss originally intended the commission to

consist primarily of Swiss historians. But Jswish organisation and others iobbied for foreign experts to be included; the commission has five Swiss members and four foreigners. The presence of Mr Jac-

ques Picard, anthor of s history of Switzerland and the Jews, and Mr Jakob Tanner. a leftwing historian, should deflect criticism that Switzerland has packed the panel with establishment figures. Mr Joseph Voyame, a former official in the Swiss justice ministry, is the only lawyer on the panel.

Foreign members of the panel are Mr Harold James of Princeton, Mr Wladyslaw Bartoszewski, a Jewish his-torian from Warsaw, Mr Saul Friedlaender, an Israeli historian, and Ms Sybil Milton, who works at Washington's Holocaust museum.

Mr Gian Trepp, who has written on the wartime role icised the number of historians on the commission, saying the investigation needed people who "understood how the banks worked".



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from animal feeds

The drug has been used hy contravened European Union state aid rules. The bankruptcy move, which will result in the appointment of an expert, liquidator or trustee to decide

Mr Karel Van Miert, EU competition commissioner, who blocked the aid, said the Commission was prepared to

Mr Fischler pointed out there was "insufficient data . Food products made from to establish conclusively the risk of transfer of resistance". But, he added, there is "no evidence to exclude received a mixed response. that risk with certainty, in the absence of further scien-

Mr Fischler's cautious attitude reflects increased sensitivity in the EU over accusations that farmers' interests

evidence" that the drug was harmful. But, the commissioner "thought it was necessary to act to ensure the safety of consumers".

have already banned the use of the antibiotic. It is also banned in Sweden, where there is a general prohibition on the use of all antibiotics in animal feeds.

genetically manipulated sovabeans must be specially labelled from next April if they are to be sold in the Dutch market, writes Gordon Cramb in Amsterdam. The restriction imposed by the health ministry makes the Netherlands the first EU Union country to require such identification. Consumer and industry groups had agreed the move, the FINANCIAL TIMES FRIDAY DECEMBER 20 1996

NEWS: EUROPE



Opposition protesters carrying an effigy of Prime Minister Zhan Videnov rally outside parliament in Sofia yesterday to back demands for early elections

Solvay boosts Bulgaria's sell-off plan

By Theodor Troev in Sofia and Anthony Robinson In London

Solvay, the Belgian chemical company, yesterday finalised the purchase of a 60 per cent stake in Sodi Devnaya, Bulgaria's most profitable chemical company, for \$160m in cash and a pledge to invest \$67m over the next five

The successful conclusion of the first big sell-off in Bulgaria's emergency privatisa-Union of Democratic Forces (UDF), the main parliamentary opposition, called for

the resignation of Mr Zhan unpopular Socialist governing system have to he Videnov, the Socialist prime ment to dissolve parliament, matched by foreign minister, on the eve of a crucial Socialist party confer-

Opposition calls for early parliamentary elections at a mass rally outside parlia-ment could have the effect of strengthening the position of adjustment loan. Early gen-Mr Videnov, who will be eral elections only two years flation. Over the last six fighting for his political life this weekend against a chal-lenge from Mr George Pirinksi, the former foreign minister, who heeds the social democratic wing of

the divided ruling party.

A defeat for Mr Videnov.

would create a vacuum of exchange reserves in the power when the International Monetary Fund is calling for a decision within 45 days to institute a currency board as a condition of a delayed IMF structural into the Socialist party's four-year mandate could dis-

rupt this timetable. Under the currency board system, successfully applied by Estonia and other Baltic states, domestic currency in circulation and the miniespecially if it forced the mum reserves of the bank-

central bank.

This would restrict the powers of Bulgaria's weak central bank and the financial autonomy of the government and is seen as the last chance for averting byperinmonths Bulgaria bas suffered a run on the banks and a collapse in the currency from 70 lev to the US dollar in January to a low of 550 lev before recovering to cur-

rent levels of around 450 lev.

annual interest rate to 300

The central bank raised its

before falling to the current early general elections. 180 per cent. At least 14 banks are fecing closure and the government has started a crash privatisation programme to repleoish cur-

rency reserves. Mr Ivan Kostov, a former finance minister and leader of the UDF, yesterday submitted to parliament the opposition's terms for the introduction of a currency board - replacement of the central bank's current board of governors and the election of a group of experts to continue talks with the IMF and

the World Bank prior to the

Mr Kostov said a currency board would fail if instituted under the present govern-

Political analysts say Mr Videnov's rush to set up the currency board is aimed at weekening the opposition's capacity to make political capital out of the issue. The Socialist government's sole chance of eventual re-elecbinge on its ability to restore financial stability through implementing a tough IMFmonitored currency board

From bank chief to political pragmatist | Greek farmers

or 14 years until 1993, Mr Carlo Azeglio Ciampi, Italy'e 76year-old treasury minister, was at the helm of the Bank of Italy, before being called from near-retirement to be prime minister for a year.

Trans. Co. C. S. Maring

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Since May he has been the economic supremo in the centre-left government of Mr Romano Prodi and was instrumental in the highly political decision of September to adopt a tougher 1997 budget to bring Italy's bud-get deficit within the Maastricht convergence criteris on schedule.

Mr Ciampi regards himself as e non-political appointee with a technocratic background.

However he has developed a taste for the cut and thrust of politics and recognises that policy decisions on European economic and monetary union (Emu) are ultimately guided by political considerations.

In a sense he is a gamean ex-governor, I am firmly in favour of the independence of the Bank of Italy," be says. "The ceotral bank has the role of setting interest rates; but I have always to admit a confrontation believed it is up to governments to regulate exchange

ated the lira's re-entry into role of a central bank and a

mechanism (ERM) and found himself in conflict with central bankers led by the Bundesbank.

The Italian treasury had called a weekend meeting of the monetary committee after consultation with other EU treasuries on the understanding that a lira/D-Mark parity of around LI,000 would be acceptable.

Treasury officials knew the central bank governors. including the Bank of Italy, were adamant on a stronger lira at around L950.

But they were still dis-

As a minister, he knew that Italy's powerful exportorientated industry would not have tolerated any rate much stronger than L990. Such tensions are not sim-

ply a question of the Bundesbank digging in its heels to ensure currency stability but embrace the central bank governors as a whole, according to Italian officials.

They say matters will become more complex as the Frankfurt-based European Central Bank (ECB) begins to exercise its influence in the ron-up to launching the

Carlo Ciampi, former Bank of Italy chief, has developed a taste for the cut and thrust of politics

mayed to see the German treasury drop its earlier acceptance of a weaker rate and fall behind the Bundesbank's orthodoxy.

When pegotiations stalled keeper turned poacher. "As in the technical monetary committee, European Union finance ministers had to be called to forge a political

Mr Clampi is too discreet with Mr Hans Tietmeyer, the Bundesbank chairman. But those et the meeting insist Mr Ciampi championed the former central banker this view on November 24 made clear in robust terms when be successfully negoti- the difference between the the European exchange rate government.

single currency. "The European Central

Bank is the first institution of a unified Europe, observes Mr Ciampi, who has never wevered in his commitment to the idea of Emu and its benefits to Italy. "I helped draw up the statutes for the bank in 1990-91 when at the Bank of Italy and I am aware of the politi-

cal implications of setting up

this institution." Precisely because of the supranational impact of the bank on economic and mone tary policy, Mr Ciampi says: "States must establish a proper interlocutor with the ECB so as to have responsi-



Carlo Ciampi: tends to regard himself as a non-political appointee with a technocratic background

bility for economic policy." through the European coun-At present he accepts that cil of ministers. this should be done at the The Italian government broader political level has yet to take a formal post-

tion on French proposals for a "stability council" to act as interpreter-watchdog for the stability pact, imposing fiscal rectitude on those join-ing the single currency. The Italians eppear reluc-

tant to move until it is clear wbetber the council will cover merely the "ins" admitted to the single currency - or euro - zone, or whether it will cover all those wishing to join the single currency but lacking the fiscal rectitude to qualify.

wait-and-see approach reflects Italy's own uncertainty whether, despite all the brave talk, it can be among the first group of countries signing up for the euro. Mr Ciampi himself cootinues to exude optimism and will press for extra budgetary measures "as soon as possible" in the new year if the budget deticit looks like missing or overshooting the target of 3 per cent of gross domestic product.

The International Monetary Fund annual mission this week indicated that the government would have to find a minimum extra L15,000bn (\$9,8bn) through spending cuts or through new fiscal measures.

Confindustria, the Italian employers' confederation, has said the corrective package will have to be double

Robert Graham ages of fuel and raw materi-

fail to win tax and debt relief

By Kerin Hope in Athens

Militant Greek farmers yesterday demonstrated outside parliament during a debate on the 1997 budget, but their leaders failed to win any concessions on taxes and debt from the

Socialist government.
Mr Stefanos Tsoumakos. agriculture minister, said the government was prepared to redistribute up to Dr12bn (\$49m) in European Union subsidies to farmers whose crops were damaged by autumn rainstorms but could oot afford to meet other demands. Farmers from the cotton-

growing region of Thessaly led a convoy of buses and trucks to Athens to press demands for tax-free fuel. exemptions from value added tax on farm machinery and a write-off of \$1.3bo debts with the state-controlled Agricultural Bank.

A tbree-week tractor blockade of highways around Greece has hit manufacturing output and exports, which are carried almost exclusively by truck.

als caused by the protests will reduce manufacturing output this year by almost one percentage point. The stand-off has become a test of the Socialists' resolve to bring the economy on track with the rest of the EU.

The government refuses to discuss farm policy reforms until the farmers open the roads. Tractor barricades across northern Greece have been lifted, but farmers blocking Thessaly's main north-south highway have threatened to keep the pro-test going over Christmas,

Mr Costas Simitis, the prime minister, says Greece cannot afford to appease special interest groups if it is to achieve its goal of joining the proposed European single currency by 2001,

Glving in to the farmers would provoke a flood of demands from other groups of workers and derail efforts to reduce the budget deficit in the next two years from almost 8 per cent of gross domestic product this year to the 3 per cent Maastricht target, be argues.

Strikes by seamen, teachers and even diplomats seem The Federation of Greek Industries claims that shortto be faltering in face of the firm budget stand.

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A renewad passion for electronic gadgets has swept Japan over the past year, but consumers still feel disorianted and are buying products to help find their way around the digital age.

Consumers have had to make "heroic" efforts to integrate these and other complex items into their daily lives, according to the annual survey of popular products by Dentsu, Japan'a top advertising agancy, which gives a revealing peek at the changing tastes of one of the world's most fickle consumer markets.

The disorientation might explain, Dentsu says, why a growing number of Japanese in the past year have turned, for security, to what it calls "take me to your leader" goods, to belp navigate through the information fog that has typified 1996.

The report says the infor mation technology (IT) industry made the biggest single contribution to Japanese industrial performance this year. The top IT items, chosen by Dentsu on criteria of sales performance and innovation, were a series of advanced electronic notebooks, launched by Sharp, NEC and Toshiba with features including colour screens, Windows 95 software, full Internet access, and on one model, a digital

Typical of the "take me to your leader" products is "Some Books I've Read" by the critic Takashi Tachibana, which belps readers select what to buy, Published last December, it had sold 380,00 copies by last

Car navigation systems and personal satellite navigators have come to the help of another 800,000 disoriented Japanese consumers over the past year. Yet another "bit" for the confused are mobile telephones, which have grown from a few hundred thousand to more than 20m in the past three years, Dentsu says.

Buying the digital gear needed to keep pace with fashion is expensiva. This might explain a sharp rise in automated money lending the National-NZF coalition.

to 2,600 in the year to March. Originally intended to supplement money lenders' manned offices, the digital machines have proved surprisingly popular with people who find it embarrassing to apply for a loan in person. tary policy is an expansion

Japanese Rao resigns as Congress parliamentary leader

Mr P.V. Narasimha Rao, India's legally entangled former prime minister, yesterday bowed to an ultimatum from senior colleagues and resigned as the Congress party'a parliamentary leader.

The move in effect ends the political career of the 75-year-old Mr Rao, whom historians may best remember as initiator in 1991 of wide-ranging economic reforms which began the task of unwinding more than 40 years of inwardlooking and statist Indian economic policies.

Mr Rao submitted his resignation almost to the minute of a 4pm deadline set late on Wednes-

The ultimatum followed an earlier appeal from 21 of his most senior party colleagues for Mr Rao to quit. They argued in a joint letter that his departure was necessary to safeguard the "credibility" of Congress, which has ruled India for all but four years since independence in 1947 until a Mr Kesri has made it his stated demoralising defeat in elections priority to clean up this image.

Since leading Congress to its poorest ever electoral showing, Mr process of selecting Mr Rao's suc-Rao has been charged in three separate corruption cases, each of which carries a maximum sentence of seven years' imprison. Shawad Pawar, the politically

wrongdoing.

charges, along with a spate of other cases recently brought gress with an image of corruption.

Congress leaders have scheduled a meeting today to begin the cessor. Though there are no clear favourites for the post, the Indian media have touted Mr Kesri, Mr

ter, widely credited as being the Howevar, the corruption chief architect of India's five-yearold economic reforms.

Mr Singh appeared to some anaagainst former MPs and ministers lysts as the likeliest compromise from Mr Rao's administration, candidate, particularly given his have nevertheless sullied Con-reputation - rare within the Congress elite - for unimpagned rectitude. "No one would want to oppose him. He has very few enemies and would therefore be the best compromise candidate," said Mr Pran Chopra, a political columnist and member of the Centre for Policy Research in Delhi.

Though the technocratic Mr

of India yesterday suggestively quoted Mr Singh as saying in a forthcoming magazine interview that he would "not be unwilling".

to become India's prime minister.

The prospect could arise should Congress succeed in returning to the party fold several former Congress party members who defected from the mother party before the May polls, and who now form part of the minority United Front (UF) coalition government.

Mr Kesri has already succeeded Singh has often portrayed himself port of a small group of former appear set to replace Mr Rao.

day by Mr Sitaram Kesri, who had aucceeded Mr Rao as Congress as party president in Seppresident.

The charges led Mr Rao to powerful former chief minister of as a rejuctant politician, he has Congress MPs, and has always said he would be presented to play any role asked of as a necessary step in persuading pared to play any role asked of as a necessary step in persuading pared to play any role asked of as a necessary step in persuading pared to play any role asked of as a necessary step in persuading pared to play any role asked of as a necessary step in persuading pared to play any role asked of as a necessary step in persuading pared to play any role asked of as a necessary step in persuading pared to play any role asked of as a necessary step in persuading pared to play any role asked of as a necessary step in persuading pared to play any role asked of as a necessary step in persuading pared to play any role asked of as a necessary step in persuading pared to play any role asked of as a necessary step in persuading pared to play any role asked of as a necessary step in persuading pared to play any role asked of as a necessary step in persuading pared to play any role asked of as a necessary step in persuading pared to play any role asked of as a necessary step in persuading pared to play any role asked of as a necessary step in persuading pared to play any role asked of asked of a necessary step in persuading pared to play any role asked of a also always said he would be prehim by Congress. The Press Trust other defectors to reunits with Congress - most particularly a bloc of 20 MPs from Tamil Nadu. including Mr P. Chidambaram, the UF finance minister, who was a reformist ally of Mr Singh as commerce minister in the previous Congress administration.

Hopes that Congress might somehow succeed in supplanting the UF on Wednesday buoyed stocks in Bombay, pulling the Sensex index up 17 points to 3,001. Brokers suggested the market tone would further strengthen in stealing from the UF the sup- should the respected Mr Singh

NZ deal gives rise to faith and doubt

talks that followed New Zealand's general election ended in agreement last week, the first impression was that the country's 10year economic reform process might be a casualty.

But closer reading of the 70-page coalition agreement between the conservative National party and New Zealand First - the nationalist party led by Mr Winston Paters, a former National cabinet minister - reveals a compromise. Hardline antiinflationary policies have estly, and NZF's more nationalistic tendencies on matters such as foreign investment have been contained. Mr Don Brash, governor of

the Reserve Bank, reacted with a mixture of faith and doubt; "I dou't think the experiment [with economic reform] was ever likely to be at an end," he said. "It was a question of the extent to which it was modified." Mr Steve Marshall of the

Employers' Federation was similarly guarded. "The outcome is about the best anyone could have expected," he said. "Within the agreement there are a large number of policy areas which are flagged for reviaw, think-tanks, discussion groups. We've got to be careful we don't talk ourselves into a standstill."

The economic implications of the coalition deal can be divided into three: M Changes to monetary pol-

icy, formalised in a new target agreement between the central hank governor and machines, forecast by Alterations to fiscal, policy, hammered out during the coalition negotiations. ■ The political dimensions of the agreement, implicit in the shuffling of ministerial portfolios.

The main change in mone-



tiou, within which the

Reserve Bank governor must

operate or risk losing his job. This moves from 0-2 per cent

to 0-3 per cent, with the mid-

The Reserve Bank admits

this represents "some eas-

ing". But its latest quarterly

statement also makes clear a

limited relaxation over the

past few months has been justified by Naw Zealand's

improving inflation outlook.

Mr Brash remains more crit-

ical of the markets' down-

ward pressure on interest

rates during the past week.

looking at the squeeze which

the tight band, high real

interest rates and a strong

local dollar have put on hust-

nesses, tend to concur. "The

Bank a little more leeway."

Private sector economists,

point rising to 1.5 per cent.



of the target band for infla- action could still be neces-

increased inflationary expectations lead to higher prices, higher wage settlements and so on, the new inflation target gives much less scope for an easing. , than might perhaps be assumed."

On the fiscal front, the changes are arguably more significant. The new government plans to spend an extra NZ\$5bn (US\$3.5bn) by the end of the century, mainly on health and education. But the extra outlay in the coming 1997-98 fiscal year will be offset by the defarral of NZ\$1bn of promised tax cuts. The budget will also

remain in surplus over the medium term. The extra spending amounts to much less than the NZ\$8.6bn economy will cope better which was on the cards had range; it gives the Reserve with the Labour party. But the Reserva Bank

says Mr Olf Schoefische of describes the budgetary shift Deutsche Morgan Grenfell. as mildly stimulatory, even Moreover. Mr Braah in 1997-98. Not only does stresses if a wider target absolute speuding go up band pushes up inflationary slightly, it says. Consumers expectations, countervailing would probably have saved him to start cautiously.

sary: "To the extent that ing their impact ou demand. Stronger concerns have been voiced by the rightwing ACT party, which holds

eight parliamentary seats

and questions whether the adjustments are fiscally Much more difficult to assess is the impact Mr Peters will have on policy through his control of the kay economic portfolio through the newly created post of treasurer. Already, there has been a tussle over

the roles of the treasurer

and the finance minister,

National's Mr Bill Birch.

hitherto in sole charge of economic policy. Details have yet to be spelt out, but Australia seems the model. There, the treasurer is in charge, with the seen as the more socially

bers man".

Analysts point out Mr Peters' record is fairly con-servative but in the more says Mr Marshell. "will be in interventionist style of for the (government's) last nine mer prime minister Robert mouths." Muldoon, Most also expect

concerns financial markets. have about his role, so for that reason he'll probably bite his lip for some time, says Mr Paul Stewart, chief

economist at ANZ Bank. So far, this is precisely what he has done, -Mr Brash's hawkish noises on inflation this week drove the New Zealand dollar higher, a development Mr Peters, in opposition, would probably have criticised on behalf of exporters. Instead, the new treasurer put out a bland, supportive press release and declined interviews.

The test, many observers suspect, will come in two years, when the coalition partners need to distinguish themselves ahead of the next election. NZF may wish to be plaudits for containing National's free-market teu-

Nikki Tait

ASIA-PACIFIC NEWS DIGEST

Hanoi criticises foreign banks

Vietnam's central bank yesterday published a detailed critique of the 22 foreign banks with branches in the country, saying a lot of banks "faced difficulties" and were reluctant to lend domestically. In a routine year-and report on the banking sector, the bank cited a number of "common problems", including a failure to observa rules on foreign currency lending, inadequate monitoring of "overdua loans" and poor training of Vietnamese staff.

Bankers discounted the criticism, saying it reflected

comments made in a similar report in September. But they expressed concern that it would not help encourage foreign bank lending in a market where competition is Derce, margins thin and mortgage laws unclear.

The report acknowledged that the share of foreign bank lending in the banking system had grown and that bank-to-hank lending from foreign to Vietnamese banks

had incressed. But a number of banks had been "unable to find ways to invest capital safely", the report said. ■ A Vietnamese central banker is under investigation for possible involvement in a corruption scandal, an official newspaper reported yesterday. Thoi Tre (Youth) said that Mr Chu Van Nguyen, deputy governor, was being investigated for "causing serious losses to state property" - official shorthand for corruption. Jeremy Grant. Hands

Jakarta charges 'poverty' levy

Foreign companies and individuals earning uet income of more than Rp100m (\$42,500) a year in Indonesia must transfer 2 per cent of their annual net income to a foundation headed by President Suharto and aimed at alleviating poverty in Indonesia.

It remains unclear, however, whether the 2 per cent transfers should be treated as an effective increase in the tax rate, a donation or an appropriation of funds. President Suharto said earlier this year when he set up the foundation that management of its funds would be transparent and accountable to the public. Other members on the foundation's board include Mr Suharto's second son, Mr Bambang Tribatmodio, and Mr Anthony Salim, part of the Salim family, which ranks as one of Indonesia's wealthiest family and is closely associated with Mr Subarto. Manuela Saragosa, Jakarta

OECD lauds Australia

Australia's economic performance over the past five years was described yesterday as "impressive in many respects by the Organisation for Economic Co-operation and Development, although the Paris-based institution acknowledged: "Continuing high legals of manufacturing high legals of the legals of the

and low domestic saving remain areas of concern." In its most complimentary annual country report for some years, the OECD noted Australia had notched up six years of "recovery", with real output now standing some 17 per cent above its previous cyclical peak. It described this as "a growth performance among the best in the OECD area". Nikki Tait, Sydney



Oil and Gas Development



Corporation PROCUREMENT DEPARTMENT (FOREIGN WING) ISLAMABAD, PAKISTAN

INVITATION FOR BIDS The Islamic Republic of Pakistan has received a loan from the International Bank For Reconstruction and Development (IBRD) in various currencles towards the cost of Domestic Energy Resources Development Project (DERDP). It is intended that part of the proceeds of this loan will be applied to aligible payments under the contracts for the procurement of various

2. Tha Oil and Gas Davelopment Corporation (OGDC) now invites sealed bids from aligible bidders for the supply of following items:-IFB "A" Proc-FB/W8/ICB/D-16/96:

1. 13-38 OD Seamless Casing conforming to API Spec 5CT grade J-55 WT 68#ft.

BTC, R-3 (Quantity 3300 Meters) 2. 9-5/8 OD Seamless Casing conforming to API Spec 5CT grade N-80, WT 43#/ft,

BTC, R-3, (Quantity 9400 Meters) IFB "B" Proc-FW/WB/ICB/WS-17/96 1. Package consisting of (i) API Bentonite (150 Metric Ton), (ii) CMC(LV) (20 M.Ton). (iii)

CMC(HV) (24 M.Ton), (iv) Chrome Lignite (16 M.Ton). (v) Ferra Chrome Lignosniphones (20 M.Ton) (vi) Synergistic Polymer Bland (10 M.ton) (vii) Shale Stabilizer (10 M. Ton), (viii) Non Damaging Cellosic Fibrous LCM (Fine), (15 M.Ton), (bx) Non Damaging Cellosic Fibrous LCM (Corex) (15 M.Ton), (x) Spotting Chemical (06 M. Ton) (xi) Acid Solubla Lost Circulation Materials (10 M.Ton) (xii) Drilling Detergents (55 Gallon 10 Drums), (xiii) Mud Defoamer (xiv) Mud Lubricani (55 Gallon 10 Drums).

IFB "C" Proc-FW/WB/ICB/DRM-18/96

1. Packaga consisting of I) Cat Engines, (02 Nos.) II) Mud Agitator with Jet Venturi and Shale Shaker iii) Air Triplax Mud Pumps unitised with Cat Engines (02 Nos.) v) Vibrators Hoses and Rotary Hoses (06 Nos.), vi) Drilling Rig Handling Tools vii) Kally Saver Subs (10 Nos.) viii) Liner Hangers (05 Nos.) ix) Casing Accessories, x) Thread Compounds.

3. The provisions in the Instructions to Biddars and in the General Conditions of Contract are the provision of the World Bank Standard Biddings Documents: Procurement of Goods. 4. For further information and details, interested bidder may purchase bidding documents from

tha Office of Manger (Procurement), Oil and Gas Devalopment Corporation, Markaz F-8, Islamabad Pakistan, upon written request and payment of non refundable fee of Rs 2000 for each bidding document, through Pay Order/Demand Draft In favour of OGDC. 5. Bidding documents would be available for sale from 21st December 1996 and the last data

for purchase of Bidding Documents is 09 January, 1997. Tha bids submission data is 28 January 1997 for (IFB "A"). 29 January (for IFB "B") and 30 January 1997 (for IFB "C"). 6. Bids must be delivered to the above named officer on or before 11:00 hrs on specified dates and shall be opened in the presence of bidders representatives who chose to attend, at 11:30

hours, same day at the same office. 7. Bidder must take note of the following mandatory requirements:-

7.1 Bid must be valid for a period of 120 days from the date of bid opening. 7.2 Bid must be accompanied by Bid Security equivalent to 2% of the total CRF bid value and

It must be valid for 120 days from the date of bid opening. 7.3 Price Schedule must be signed and stamped by the Bidder.

7.4 Bid Form and Price Schedula be submitted with the Bld. 7.5 Bid must be based on firm prices and not on any price adjustable formula.

7.6 Bid must be prepared in English.

7.7 Bid must be submitted on or before the date and time specified to tha designated address. 7.8 Fax bids would not be accepted.

8. Non compliance to the above mandatory requirement will be daemed to be a material deviation which will make the bid non-responsive.

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Manager (Procurement)

BUSINESSES FOR SALE

The Minister of Finance of the Republic of Poland acting ou behalf of the State Treasury pursuant to article 23 of the State-owned Enterprise Privatisation Act ratified on July 13, 1990 (Journal of Laws, Number 51, Item 298, including amendments made later)

hereby extends an invitation to participate in negotiations pertaining to the sale of 6,260,240 shares

of Bank Gdanski S.A. whose headquarters are located in Gdansk.

Bank Gdanski S.A.'s shares are traded publicly and are listed on the Warsaw Stock Exchange S.A. The State Treasury currently holds 7,322,583 shares, which constitute 37.34% of its outstanding stock. The subject of this invitation to participate in negotiations are 6,260,240 shares of common bearer stock, constituting 31,94% of Bank Gdanski S.A.'s outstanding stock. These shares have a nominal value of 2.5 PLN. They have been approved for public trading and are listed on the Warsaw Stock Exchange S.A. All entities interested in purchasing this stock may obtain information about Bank Gdenski S.A. exclusively in compliance with the principles delineated in the provisions of the Public Trading of Securities and Mutual Funds Act as ratified on March 22, 1991 (1994 Journal of Laws, Number 58, Item 239 including amendments made later). In consideration of the above, the Minister of Finance shall not

ompany in question. All entities interested in purchasing the stock which is the subject of these negotiations should submit a written offer to purchase shares that contains the following information:

prepare an additional informational memorandum, nor will it provide any additional information about the

 first name, survame, personal identity card number or passport number, address of permanent residence or for institutional investors: their name and beautquarters as well as an excerpt from the register whose jurisdiction encompasses the investor's headquarters or some other official document that contains the investor's fundamental data and on which basis the investor's legal status, method of representation, and the name and surrames of those individuals authorised to represent the said investor may be determined. If the investor is a foreign entity, these documents should be certified by a notary public or a Polish diplomatic post or consulate and translated into the Polish language by a certified public

the price per share offered;

 information about the investor's investment strategy in regard to the packet of stock which is the subject of these negotiations:

 an outline of a development strategy for Bank Gdanski that incorporates a discussion of feasibility; information about the number of Bank Gdanski shares currently held and copies of the decisions issued by the National Bank of Poland to purchase stock, based on the provisions set forth in article 78 of Banking Law as ratified on January 31, 1989 (1992 Journal of Laws, Number 72, Item 359 including later amendments), insofar as the number of shares purchased predicates the necessity to obtain such

approval: information about the origin of the funds to be used to purchase the stock in question and the proposed manner of payment;

other information that the party submitting the bid considers to be of essence.

Bids to purchase the entire packet of stock which is the subject of this invitation to participate in negotiations should be drawn up in the Polish language, signed by the person(s) authorised to represent the entity making the bid and submined in person or via a messenger with confirmation of receipt in sealed envelopes marked "Sank Gdanski - Do Not Open" by 12:00 noon on January 6, 1997 to Room 1064 in the Minister of Finance Building located at 12 Swietokrzyska Sucet. Bids submitted after the deadline or in any way diverging from the one described above shall not be considered.

The Minister of Finance hereby informs all interested parties that the investor so selected shall be obliged to produce the decision issued by the National Bank of Poland giving approved to execute the rights from the Bank Gdanski stock purchased from the State Treasury as well as the stock that the investor aheady holds before the bill of sale is executed (pursuant to article 78 of Banking Law as ratified on January 31, 1989). The Minister of Finance reserves the right to refrain from emering negotiations, to undertake negotiations with selected bidders, to alter procedures, to annul this invitation and to withdraw from acgorizations without giving any reasons therefore.

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INSCRIPTION ACT 1966 NAVIGATOR TRADING COMPANY LIMITED DI ADMONTANTI ESCENISSIF)

MOTICE IS HERBEN CAPEN pursuant to Section 48 of Insuburney Act 1966 that a Hercing of the antenan Continue will be held for shore among Company of the held the Hermita Message House, James Surect. Shelfield 20W on 6 james

Creditors whose classes are wholly are not entitled award or he represented at the moving. Other credit are only entitled to your \$1. they have given to the Administrative Receiver, I have then 12.00 from on the Desires day had the day on which the secretary as to be held, desire day on which the secretary as to be held, desired in writing of the cloth that have close to be desired from the Couptary, and the clothe has be day administrative which are the couptary, and the clothe has been applied and the second or the secon

there has been lodged with the Administrat Receiver any prosp which the creditor intends to used on their behalf d Dacresber 17 19% DAYED JOHN STOKEL AN

NOTE Creffors of the Company regulary copies of Administrative Receiver's report may obtain it lies of charge, on ordine application to the Administrative Receiver & Coopers & Lybrand, 1 East Parade, Sheffield St 201.

Tel: (44 017) 873 3749

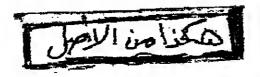
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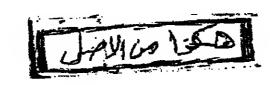
IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION

> IN THE MATTER OF PET CITY HOLDINGS FLC EN THE MATTER OF THE

NOTICE IS HEREBY GIVEN that the Order of the High Court of lastice (Chancery Division) dated 18 December 1996 sanctioning a Scheme of Arrangement and confirming the reduction of the capital of the above-named Company involved in £851,075.00 and the Manute approved by the Court showing with respect to the capital of the Company as altered the several particulars required by the above mentioned Act were registered by the Regustrar of Companies on 18 Devember

DATED the 20th day of December 1940. Orbottle Clarks Hillgar House London EC4M 7HS Ref: RB/545022 Tel: 0171 ccm 0155 Solicitors for the above numed Company





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The new name on the Big Board is
Deutsche Telekom. With annual sales of
\$ 44 billion, we're not only Europe's No. 1
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- We're the world's largest full-service telecommunications supplier.
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- We're the world's market leader in ISDN. Every day, on more than 4 million ISDN channels, our customers explore the possibilities of fully digital communications.
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- We have the largest cable television network in the world. Over 16 million households tune in to a variety of international TV programs on our network.
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Welcome news for the bulls and the bears on Wali Street.

Deutsche Telekom

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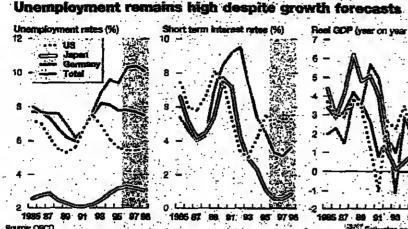
OECD hails deficit cuts and calls for more

Industrialised nations' think-tank looks forward to interest rate cuts to spur growth, writes Graham Bowley

lised nations should make credihle long-term plans for further cuts in public borrowing so that lower interest rates could be used to bolster economic recovery, the Organisation for Economic Co-operation and Development said yesterday.

The big message in the latest half-yearly outlook from the OECD, think-tank for the world's industrialised nations, was that further reductions in public borrowing and deht were necessary. but that cuts already made were taking s heavy toll on economic growth.

The Paris-based organisation predicted that many European countries, including Germany, France, Italy and Spain, would come close to meeting the public borunion next year - but only if all cost-cutting measures planned hy governments



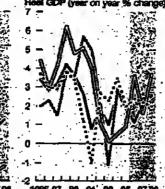
But it said the rush to cut borrowing to qualify for the European single currency was already depressing

As a result, countries should commit themselves to plans which genuinely reduced public borrowing. This would then allow tham to cut interest rates in order



to protect their fledgling trol," the report said. recoveries without risking higher inflation.

"Judicious usa of monetary policy, together with credible, sustained fiscal consolidation... would contribute to faster growth of ontput and employment without compromising the objectives of inflation con-



1985 87 89 91 93 95, 97 98

estly stronger growth across the OECD, with relatively healthy expansions continu-ing in the US and UK. Continental Europe and Japan would catch up after sluggish growth.

It forecast that Germany would record a fiscal deficit

domestic product next year - above the 3 per cent level, one of the Maastricht treaty criteria for economic conver-

But it said Germany would meet the S per cent criterion if the government's cost cutting plans were put into

It predicted that France would record a budget deficit of 3.2 per cent of GDP but hinted this could be lower if tal fiscal adjustments", the growth was supported by lower interest rates.

Italy was forecast to have a hudget deficit of 3.7 per cent of GDP. But the 3 per cent limit was "within

public borrowing and debt lenge facing virtually all of its member countries: "Cutting fiscal deficits further to decades would reduce rate premiums relative to

and stimulate productive investment, growth and employment opportunities."

However, "reliance on oneoff measures, such as capital transfers from publicly owned enterprises, or on measures that may have to be reversed, including some public sector wage freezes and deferrals of public investments can only delay the need for more fundamen-

report said. Countries which had made progress in reducing borrowing and debt levels as well as entting inflation had been rewarded with lower short-term and long-term The OECD said cutting interest rates which had been supportive of growth, it

This was especially true in the case of some European Union countries where stop and reverse the build-up money market rates were of public deht that has now at historically low lev-occurred in the past two als and long-term interest

of 3.4 per cent of gross long-term real interest rates Germany had been reduced

But the OECD said many countries still needed to make further progress in reforming their labour markets to make them more flex-

from the OECD, which has warned in the past that the rigid nature of Europe'a labour markets could be a big obstacle to the functioning of a single currency in the future.

There could be significant long-term gains to regulatory reform in both Japan and continental Europe where regulation is more pervasive and reforms have not yet been as comprehensive as those in the US and the UK." it said.

The OECD also expects a revival of growth in Russia, with GDP expected to grow by 2 per cent next year and 5 per cent in 1998 as invest-ment picks up and inflation

suspends Uzbek

> The international Monetary Fund suspended a loan to Uzbekistan yesterday amid growing criticism of foreign exchange controls in the resource-rich hut secretive former Soviet republic, Reuter reports from Tashkent.

The IMF said it had suspended disbursements of a \$185m standby loan to Uzbekistan because it had failed to meet the fund's inflation targets.

"Disbursements under the IMF standby arrangement bave been postponed because of these developments," Mr Mark O'Brien, the IMF's resident representative in Uzbekistan, told a news conference in the Uzbek capital, Tashkent.

"Very tight financial policy...from the central bank must be combined with a full liberalisation of acces to foreign exchange," he told

Journalists were pre-vented by Uzbek security officials from entering the IMF office inside the Uzbek

Mr O'Brien, who held the news conference in the nearby offices of the United Nations, said an IMF mission planned to visit Tashkent to re-assess the situation late in January.

He said Uzbekistan's target for 1996 annual inflation vas set at around 25 per cent but the actual rate was likely to exceed 40 per cent.

He gave no exact figures.
"Uzhekistan's extarnal trade account in 1996 was hit by lower international prices for cotton exports and a poorer than expected grain harvest," Mr O'Brien sald, He said the Uzbek government had reacted by increasing farm credits and limiting access to foreign exchange.

The resulting spread between Uzbekistan's official and hlack market rates has widened in recent weeks, with the official rate of 55 sums to the dollar way below the black market rate of 105-110 sums to the dollar

A little liquidity transforms Kazakhstan's metals industry

Sander Thoenes on debt-burdened plants once hobbled by barter

Soviet Union left most of the state-owned factories and mines along Kazakhstan's northern horder with Russia in a downward spiral of debt and falling output. But the future is looking brighter thanks to new market-oriented management and, above all, abolition of a wasteful post-Soviet barter system.

Barter left factories

deprived of working capital and unable either to invest or even pay their workers. "We didn't know what real prices were and all our contracts were improvised," recalls Mr Bulat Svyatov, commercial director of the Pavlodar Alumina Plant. After Mr Viktor Pirogov

took over as general director nne. Within months, they of the Aksn ferro-alloy moved on to exercise options smelter near Pavlodar, for

example, he found 1994 bar- stakes in all plants and bought up the Karaganda ter contracts for the purchase of diesel at four times the going rate. "When the company has no owner it does not really matter whether you buy or sell high or low," he says.

Tha turning point came at the end of 1994, when offshore companies financed by the Trans-World Group, a London-based metal pro-ducer with elgnificant investments in Russia, took on management contracts for some of Kazakhstan'a largest metal plants, including Pavlodar and Aksu, with Its associated ferro-alloy mines and smelters.

The companies pledged to invest and revive output in return for a share of reveletting them buy majority Indian steel group which

opposition leaders say officials sold assets cheap as they were silent partners in the offsbore companies. Trans-World and its partners deny the claim but decline to

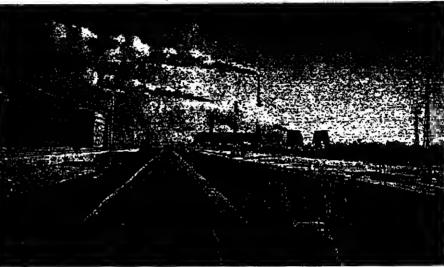
name local shareholders. Trans-World, a private company that became rich exporting metals from the disintegrating Soviet Union, lent more than \$500m to provide working capital, bny essential supplies and pay off debts and overdue salaries. It pledged to invest in production lines and bought nearby power plants and a large coal mine to guarantee power supplies.

Such investment by Trans-World and other big foreigndomiciled companies such as Ispat, the London-hased,

mines for \$143m. Kazakh steel complex and associated economy paralysed by a total lack of liquidity. Capital-atarved state-

owned enterprises still owe more than \$11bn to each other in blocked inter-enterprise debt arrears. But with cash in hand the Trans-World controlled companies' new managers were able to pay wages and bargain for prompt supplies at prices at least 30 per cent cheaper than even the most bonest barter deals. Within two years, Pavlodar cut 62 per cent from production costs.

Trans-World, with plants on both sides of the former Soviet horders, pledged to buy the entire output of each of its enterprises. Its alnminum smelters throughout



Paylodar alumina plant: supplying Trans-World's Russian smelters

Paylodar'e output.

Disposing of alumina was the easy part. Trans-World also owns shares in two Russian steel mills, but its Kazakh pellet plant produces more than they can absorb. The pellets, and other ferroalloy products, still lack a guaranteed outlet. The problem was intensified by the

Russia need 3m tons of alu-mina a year, three times shortly after the company joked Mr Hans Rubin, Pavlotook control of plants in Kazakhstan, the second largest. producer after South Africa. Aluminium and steel prices have also stayed weak.

Initially Trans-World ro-alloys in Rotterdam alone, then cut production in 1996 and sold from stock. "We owned the highest moun-

joked Mr Hans Rubin, Pavlodar president. "But 1997 will we are a reliable supplier with tailor-made products," says Mr Rubin, who plans to huy a second \$450m alumina stockpiled 200,000 tons of fer. plant and is seeking partownership of the Kazakh railroads, power network and gas pipelines.

Investing in Russia, Page 19

NEWS: WORLD TRADE

Boeing and Airbus see order levels soar

By Michael Skapinker, Aerospace Correspondent

The world's two largest aircraft manufacturers are \$47bn, Boeing said. set to end the year with their highest number of orders for six years.

Boeing of the US, which this week announced its total of 106 and its highest intention to take over number since 1990, when it McDonnell Douglas, bas won took 404 orders.

645 orders so far this year -

orders so far this year, nearly three times last year's

when it sold 683 aircraft. profits and the increase in airplanes to accommodate ever, Mr Richard Albrecht, taining profitability." Airbus industrie, the Euro-Boeing's executive vice prespean consortium, bas 309 ident, said the speed of the craft industry was confirmed month in the fourth quarter Douglas said some of its staff increase in orders was more by Boeing'a announcement modest than during previous

ference in this upswing is month today. This will equal of skilled engineers and sions of the Boeing 747.

The surge in orders that the airlines are being the record for Boeing 737 designers at Boeing. The

yesterday that it would

its highest tally since 1989. reflects the rise in airline very responsible in ordering output last reached in 1992. Boeing sald it would This year's orders are worth airline seat occupancy. How- increased traffic while sus- increase 737 production to 10 McDonnell Douglas. Even a month in January before before this week's takeover

> of next year. The increase in orders. increase production of the and plans for new aircraft, Mr Albrecht said: "The dif- 737 to 21 a month from 8.5 a have resulted in a shortage

shortage will be partially alleviated by the takeover of would be moving to Boeing's headquarters in Seattle to work on the planned new 550-seat and long-range ver-

trapping row

By Caroline Southey

Sir Leon Brittan, the European Union's trade also agreed to endorse the chief, is to take over negotiations with the US in the dispute over fur trade after winning a furious row in the Commission with the environment commissioner, Mrs Ritt Bjerregaard.

The EU is threatening to ban the import of furs from countries which allow the use of leghold traps, which it Mrs Bjerregaard said she

no longer wanted to remain in charge of the negotiations after the Commission rejected her position on the terms for future talks, backing Sir Leon instead. Sir Leon persuaded the

should do everything possible to secure a deal to avoid a potential trade war with Washington. The US has threatened to take the EU to the World Trade Organisation if the import ban is imposed.

meeting of the full Commiswhether the EU should cede more ground to the US to four years. secure a deal and on whether to stick to a comwith Canada and Russia.

the Commission, intervened. giving the US a "let-out" said.

clause which would allow it continue using the traps after four years if it could not find an alternative. It compromise deal with Ottawa and Moscow.

However, Mrs Bjerregaard was given the assurance that any final deal would have to be approved by the full Com-mission. She also won on the issue of keeping US furs off a "positive" list which are allowed into the EU although furs from Canada and Russia will ha placed on

The Commission's decision sets it oo a collision course with EU environment ministers who earlier this month rejected the compromise deal with Canada and Russia. They asked Mrs Bjerregaard to secure Commission backing to have all three countries excluded from the

"positive" list. The environment ministers argued that EU negotiators had offered too many concessions and that the compromise with Canada The two commissioners and Russia failed to fulfil the had a stand-up row at a EU's objective of outlawing inhumane trapping stansion on Wednesday. They dards. Under the deal a ban disagreed vehemently on on soma leghold traps would

and Sweden will be particupromise deal struck recently larly angered by the Commission's decision as they After a heated debate, Mr have led tha campaign Jacques Santer, president of against leghold traps. "Watch this space and see As a result commissioners whet happens in January backed Sir Leon's argument when the ministers meet that the EU should consider again," a British official

Fur flies in EU | Los Angeles airport plans face serious new challenge

By Christopher Parkes

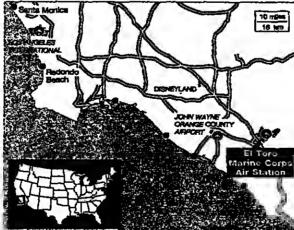
Controversial plans for a \$12bn expansion of Los Angeles International Airport have hit a new hurdle. They already face resistance from residential neigh-bours and defenders of local seaside raritles such as the El Segundo Blue butterfly as well as growing competition from other airports. But now the expansion plans must contend with another poser which could

force a re-think. Last week, one day before LAX's extension proposals were unveiled, policy-makers in nearby Orange County elected to open a new international airport on the site of the soon-to-be-redundant El Toro Marine Corps base. Just 45 miles south of Los Angeles, handily located for Disneyland, El Toro sprawls

across 4,700 acres, compared with the 3,500 acres of the region's leading air link. Although the proposal for its conversion says annual capacity should be limited to 25m passengers a year, compared with the 58m expected to pass through LA this have been phased in over year, the scheme presents a

serious challenge. Britain, the Netherlands By siphoning off excess traffic, El Toro could be seen as part of the solution for the fragmented administra- one of the association's firtive structure of southern mest demands. California.

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and anvironmental battles have been settled - the airlines are likely to hold the balance of power.

Airlines, represented hy the Air Transport Association (ATA), are already at loggerheads over high landing and handling charges and the allegedly illegal use of airport revenues to fill gaps in the LA city's budget.

Now, while city mayor Mr Richard Riordan is still drawing funds which should under federal law be used for airport purposes, they are heing asked to contribute most of the cost of LAX's 20-year growth plan. Mr John Ek, regional ATA director, last week promised LAX's hard-pressed facilities. But collaboration on An end to Mr Riordan's revesuch e scale is not usual in the milking is likely to be regional John Wayne Air-expands in the longer-term

There is consensus at least More likely is a prolonged on the need for increased

the region. Passenger numbers at LAX have risen 8 per cent this year and will soar to 98m by 2015, the target to its rivals. The possibility date for completion of the

1994 to 4.3m tonnes. The pressure oo facilities - LAX handles as many passengers as Dallas-Fort Worth on 20 per cent of the Texas a site hemmed in by sea and site's acreage - is already such that the city's Department of Airports has asked neighbouring authorities to

expansion Cargo volumes

help absorb some of the regional traffic. But as in San Francisco, where e \$2hn project is not he able to handle all the under way to improve its next 20 years' expected International operations, growth Which opens the Orange County, home to the

port, is more interested in future and whether now being a terminus then might be a good time to set another local hus stop. Even far eway Denver in talking seriously with El tussle in which - after legal aircraft handling capacity in Colorado has launched an Toro's promoters.

Pacific Rim business on which LAX's forecasts are based. Phoenix, Arizona, is drawing an increasing number of European flights. Las Vegas is a popular and cheap first landfall for many tour-

ist visitors to the west. LA's established role as the region's dominant landing point, airlines' investments in facilities, its 15mstrong local market and developed trade-based business and ground transport infrastructure all militate in its favour.

Yet the struggle LAX has already had to come up with viable solutions to its dilemma suggest that without startling new technologies, it is in the longer term fated to surrender business of adding a runway extending Into Santa Monica Bay are expected to more than was scrapped when it double from 1.7m tonnes in became plain anvironmental opposition would be too

> That left the authorities pressing against the limits of residential and business districts. Despite some ingenious shuffling, none of the four alternetive expansion proposals will allow more than two further runways.

Even then LAX would still questions of how LAX aside local rivalries and start WORLD TRADE NEWS DIGEST

Airbus pact 'in new year'

The four Airbus partners will sign a memorandum of understanding in the new year on converting the consortium into a limited company hut have still not resolved their differences about the form it should take. Aerospace executives said yesterday the partners had agreed earlier this year to sign the memorandum of understanding by the end of 1996. Instead, it would be signed early in 1997. Airbus is owned by Aérospatiale of France, Daimler-Benz Aerospace (Dasa) of Germany, British Aerospace and Casa of Spain.

But the executives said the French were still resisting German and British suggestions that the new company take control of the partners' factories. Aérospatiale argues that Airbus should be responsible for design and marketing, with the partners continuing to take responsibility for manufacturing. Mr Manfred Bischoff. chief executive of Dasa, said: "Industrial interests of individual countries, important though they may appear, must play a subordinate role to the success of tha Airbus system as the future core of a united European acrospace industry." Michael Skapinker, Aerospace Correspondent

Canada oil contract awarded

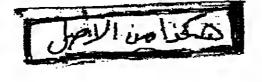
An international engineering and construction consortium including Canada'e Agra Industries and PCL Constructors, Brown & Root, Haliburton and FMC of the US and Doris and Coflexip Stena of France has emerged as the winning bidder to build a US\$1.2bn floating production system for the Terra Nova offshore oil field.

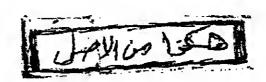
200 miles south-east of St John's, Newfoundland. Terra Nova, 34.2 per cent owned by Petro Canada, contains an estimated 400m barrels of recoverable oil. The production, storage and off-loading vessel will be able to rocess up to 125,000 barrels daily and store 1m barrels. Norsk Hydro has a 15 per cent working interest in Terra Nova and 30 per cent in Petro Canada's other eastern offshore exploration properties. Robert Gibbens, Montreal

Australian car tariff dispute

Australia's Industry Commission, the statutory authority which advises the federal government on assistance to private industry, is divided over whether the country should continue to reduce its tariffs on automotive products after the year 2000. In a draft report, two of the three commissioners looking into the issue have recommended further tariff reductions of 2.5 per cent a year between 2000 and 2004, taking the tariff down to 5 per cent. Mr Bill Scales, the presiding commissioner, said that this would be consistent with Australia's commitments under the Asia Pacific Economic Co-operation (Apec) forum's free trade agenda and place Australis in a good position to achieve the Apec goal of free trade by 2010. But Mr Ian Webber, associate commissioner and an industrialist who has worked in the car industry, said his preference was to maintain the tariff at 15 per cent, at least until 2005. He said that the sector needed more time to adjust to the existing tariff

 Svenska Cellulosa Aktiebolaget (SCA) of Sweden will form e joint venture with Japanese group Uoi Charm KK to sell incontinence products in Japan, a market worth about SKr300m (\$117.6m) and growing by 10 to 15 per cent a year, SCA said. Uni-Charm KK is the market leader in Japan for baby diapers and feminine protection





Dexia, the European banking group born out of the merger of Crédit Local de France and Crédit Communal de Belgique.

Dexia is the fruit of the pooling of the values, skills and financial means of two credit institutions:

- Crédit Local de France, a leading financial partner of local communities in France with a network of establishments in Europe and in the United States.
- Crédit Communal de Belgique, a leading bank in the local government sector. Belgium's leading retail bank and the majority shareholder of the Banque Internationale à Luxembourg.

A European banking group with total assets of USD 200 billion.

With USD 8 billion in equity and total assets of USD 200 billion, Dexia's financial health will enable it to enjoy rapid international expansion. The complementary nature of collecting deposits and refinancing on international markets ensures Dexia the financial means for its development.



The European banking group, the leader in financing public services, has been born.

Airbus pact

in new year

A solid group, involved with its partners.

Quoted on the Paris and Brussels stock exchanges, Dexia will be announcing its results starting in 1996. For the first half of 1996, it has already posted a combined net profit of more than USD 340 million. Anxious to offer its shareholders the best investment, Dexia will pursue an active dividend policy.

A group which finances the living environment with nearly USD 20 billion in new loans each year.

Public transport, motorway infrastructure, facilities for education, health, telecommunication, environmental protection, power supply, home improvement - needs are considerable the world over. Dexia, specialized in financing community facilities and in financial services for public administrations, will be seeking to develop all branches of the banking profession in order to offer the best-adapted banking products and services to its clients throughout the world.





International negotiators fly in to meet Peru rebels

Negotlating teams from up to 12 countries were arriving in Peru yesterday to provide assistance in talks with leftwing guerrillas who stormed tbe Japanese ambassador's residence on Monday.

About 30 guerrillas from the Marxist Tupac Amaru Revolutionary Movement were still inside the residence, bolding bostage at least 200 high-ranking diplo-

teams have already arrived from Japan, the US and Britain as well as from several Latin American countries, and more are on the

US President Bill Clinton was in touch with the Japa- inet - barring the two minisnese pramier, Mr Ryutaro ters, including the foreign Hashimoto, and both have minieter, Mr Francisco offered assistance to the Tudela, held in the Japanese Peruvian president, Mr residence.

and Peruvian government hiko Ikeda, the Japanese foreign minister, is today due Specialised negotiating to arrive in Lima to help with attempts to free the

> Mr Fujimori himself has made no public statements so far on the crisis, although he has been in almost permanent session with his cab-

The prospect of an internationally co-ordinated negotiation was viewed as reducing the risk that the incident would damage Mr Fujimori politically. Tensions, which ran high

on Tuesday as it became clear that the guerrillas' demands for Mr Fujimori himself to negotiate were not going to be met, were easier vesterday.

hostages after one which

Food, water and medicines, arranged through the unofficial on-site negotiator, Mr Micbel Minnig, the Lima representative of the Red Cross, were also passed to the hostages on Tuesday.

The government has who has recently joined the mats on their release. The guerrillas set no new cabinet as education minis-

deadlines for the killing of ter - as official mediator. The four ambassadors - of ity has plummeted in recent

Germany, Greece and Can-ada together with a Peruvian Cuéllar, the former UN secpassed on Tuesday without Germany, Greece and Canof ambassadorial rank released on Tuesday were asked by the guerrillas to act as a "bridge" between them and the Peruvian authori-

They were asked to seek a "negotiated solution without appointed Mr Domingo Pal- bloodshed", according to e ermo - a little-known figure statement read by the diplo-Peruvians rallied behind

Mr Fujimori, whose popular-

retary general who was Mr Pujimori's chief opponent in last year's presidential elections, has given important support to a regime of which he has generally been a severe critic. "Painful and dramatic though the situa-tion is," he said, "It in no

ingly effective attack by a guerrilla group which had widely been considered mori-

Hostages make up Japanese who's who

Their plight is a reminder of the Tokyo-Lima special relationship, writes William Dawkins

bostages is a revealing who's who of corporate Japan.

While painful, their plight is a reminder of how a special relationship between Tokyo and Lima has flourished since Mr Alberto Fujimori, son of a Japanese immigrant, became presi-dent six years ago. That link must have made the Tupac Amaru Revolutionary Movement guerrillas rightly calculate that rounding up the guests at Japanese ambassador's Imperial birthday party wonld have a eeismic

Peruvian pollticians, the hostages include local bosses of the top trading compa-nies, Mitsubishi, Marubeni and Mitsui; of Matsushita, the world's largest consumer electronics company; NEC, the computer group; Toyota and Nissan, the first and second largest Japanese car producers and Japan Airlines.

There was little that their colleagues back in Tokyo could do or say yesterday, beyond sift plecemeal information, dispatch executives to the scene, and pray.

This is not the first time that Japanese people have been targets in Peru. Only the one in Brazil, and as Mr

tural experts working on an aid project were killed by leftwing guerrillas, followed by the bombing of a Japanese cultural centre and restaurants. As a result, Japan suspended sending aid work-

ers there.

But it is one of the most violent episodes in a long and generally cordial relationship stretching back to 1872, when Peru became the first Latin American nation to sign a friendship treaty with Japan. Its Japanese community was founded at the turn of the century when 790 impoverished rice farm-Apart from the other ers emigrated to seek riches ambassadors and senior growing sugar. Mr Fujimori's own parents, poor fishing people, arrived in the

> There was some friction between the Japanese and Peruvian communities during the second world war, but the Japanese populace has since flourished. However, some of these strains have resurfaced in recent years as Mr Fujimori has appointed members of the Japanese community to important positions.

> At the latest count, the Japanese community had grown to 100,000, the second largest in the region after

REGISTRATION OF INTEREST

FOR THE PURCHASE OF

AIDC Limited ("AIDC")

Expressions of interest are being sought by the Australian Government

AIDC is a specialised investment banking business in Australia, primarily

providing project and structured finance services and development

capital to medium sized infrastructure projects and resources

For the year ending 30th June, 1996 AIDC generated a profit before

tax of ASSO million on total assets as at that date of SA3.65 billion and

The Government is seeking a purchaser able to acquire the company

and secure a reduction in the Government's exposure under guarentees

to third perty providers of funding presently utilised in AIDCs business.

Parties wehing to submit expressions of interest should contact Phoenix

Securities in London or Hono Kono or Ord Minnett in Sydney as soon as

possible to obtain details of the proposed sele process. Information on

the company's operations will be made evallable to perties who establish

their bons fide interest and who sign a Confidentiality Agreement.

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By Mail: First Trust National Association First Trust Center P.O. Box 64111

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Staphen Chipkin

Firence Ltd

225 George Street

Sydney NSW 2000

NOTICE OF REDEMPTION TO THE HOLDERS OF

ALASKA HOUSING FINANCE CORPORATION

Floating Rate Note Due July 2001 ISIN GB00 402346 52

NOTICE IS HEREBY CIVEN, pursuant to the terms of Section 505 of the Indistrums dated as of July 15, 1986 between Alaska Housing Finance Corporation, as lesser, and Pirst Trust of California, National Association as Successor Trustee to Bank of America. NT & SA, as Trustee, that the referenced Notes will be redesened in full at the option of the Issuer on January 21, 1997 (the Redemption Date). All Notes will be redesened at a price of 100% of the priscipal amount (the Redemption Price) together with interest accrued to the Redemption Date.

On said Redemption Date there shall become due and psyside upon each Note the Redemption Price between the Processing Section 100 and Processing Sect

NOTITIE NOTES SHALL CEASE TO ACCRUE AND BE PAY ABLE. Payment or phroipal of said Notes will be made to the registered holder thereof, or their assigns, on or after Jerusny 21, 1997, upon presentation of such registered Notes to the Trustee at one of the following addresses:

Phone: (612) 973-6700

Payment of interest due January 21, 1997, on all Notes called for redemption will be made by separate check end in the usual manner. To awaid 231%, beck-up withholding terrequired by the interest and Dividend Tax Compliance Act of 1983, as emended in 1992. Noteholden must submit with their Notes proper estification of freir tax identification number. Neither Alaske Housing Finance Corporation nor the Trustee shall be responsible for the selection or use of the CUSTP number(e), nor is any representation made as to their correctness on the Notes or as indicated in any redemption notice.

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RB Chatery

he list of Peruvian five years ago, three agricul- Fujimori's success has shown, a pillar of the business and political establish-

> But it is Mr Fujimori's market-oriented economic policies, more than his Japanese roots, which have won the respect of the Tokyo government. This is shown in a sharp increase in official ald in recent years, criticised by the guerrillas for helping only a "select few", and an increase in political contact.

apan was the first country to provide official loans to Peru after Mr Fujimori took office, when other bilateral donors and multilateral institutions were refusing to increase lending because of the country'e debt crisis.

Mr Ryutaro Hashimoto became the first Japanese prime minister in 14 years to visit Peru, part of a Latin American tour, in August. At the time, he agreed a \$615m soft loan for a hydroelectric plant, sewage treat ment and roads - double official Japanese loans for Peru last year. By the end of March, out-

standing Japanese official loans to Peru - Latin America's second-largest borrower from Japan after Brazil stood at \$1.06bn and grants amounted to \$1.21bm more, making Japan the country's most generous donor after

During his tour, Mr Hashi-Asia Pacific Economic Typically, an increase in over the same period.

Co-operation forum. Mr Fujimori reciprocated hy promising support for Japan's bid to become a permanent member of the United Nations Security Council,

and was duly welcomed back

to Japan in November. It was during the Peruvian month that Mr Hashimoto offered to send a high-level economic mission to Peru, Japan's first to that country, moto signalled he wanted to in January. There were no huild the relationship fur-signs yesterday that the Jap-ther by promising to back anese government would

political and economic ties with Japan paves the way for increased trade and investment, as emerging countries in east Asia have found. Corporate Japan has certainly rolled into Lima, as shown by the impressive roll call at the ambassadorial leader's stay in Tokyo lest party. But Japanese managers remain cautions.

Trade is small, Jepanese exports to Peru, mainly machinery and tools, rose by 4 per cent to a mere \$300m a developing economy. But it last year. Peru's exports to may prove to corporate plan-Japan, chiefly raw materials, rose by 27 per cent to \$511m

Corporate investment from Japan has grown, especially in metals mining in the past two years. But it remains minuscule, 0.8 per cent of total outstanding foreign investment in Peru by September 1995, according to the Japan External Trade Organ-

This week's attack will probably not hinder Japanese official aim, to establish the traditional beachhead in ners in Tokyo that they are about investing in there.



Relatives of Japanese hostages wait outside the ambassador's residence for news

Latin America back on track

Latin America ends 1996 with modest growth, continuing steady gains in reducing inflation, and consolidated access to the international capital markets, with a record inflow of \$30.8bn in direct investment. the UN Economic Commission on Latin America and the Caribbean said yester-

track after the setbacks last year following the Mexican devaluation in December 1994 and the sharp recession there and in Argentina in 1995. Eclac's annual year-end report, which is based on official figures and projecgrowth rate of 3.4 per cent. However, the region's modest growth has not created jobs. Urban unemployment was higher this year than last, at 7.7 per cent in not resolved the dilemma the first nine months. The figures are only partial indigrowth. cators because of the large

of Latin America. But they thinks, if the new pattern of also show employment external finance can be becoming precarious as jobs grow faster in the informal sector and become less stable in the formal economy, the report notes.

tions, records a regional the idea that there are large sectors of the population who are not benefiting from Mr Rosenthal warns that the region's economies have

The dilemma may be partly

external finance can be maintained. Total capital \$30.8bn. An important part inflows grew from \$26bn in was capital for new ven-1995 to \$50bn this year tures, as well as for privati-(though emergency flows, in the packages to Mexico and Argentina were higher in 1995). But the most important factor was the shift from short to medium- and long-term lending, et least for the big economies, with

level of direct investment, at

helped cover the region's current eccount deficit, which at \$32.5bn was ebont the same as last year and only 2 per cent of the region's GDP. International reserves increased by \$18.5bn. But the inflow also against the dollar in most

Argentina was an exception. Although the peso is maintained et a fixed rate against the dollar, it deprecirencies of its main trading partners, of which Brazil is

short-term financing and tion Unit, Eclac/Cepal, Cas-weot for macroeconomic pol- illa 179-D, Vitacura, Santiago, Chile. \$5.00. Internet address: www.eclac.cl

with record direct investment

The region is thus back on

informal economy in much resolvad, Mr Rosenthal longer-term investment."

"What we are beginning to see is a structural change, a shift into commodities, into capital intensive industry. With the emphasis on greater competitiveness, there has been an increase in productivity, especially in the export sector. But there has been a displacement of labour into less productive industries or onto the street, said Mr Gert Rosenthal, Eclac's general secre-

This is consistent with the economic recovery."

exceptional growth in public and private sector bond issues. These totalled almost put pressure on local curren-\$30bn for average seven year cies, which appreciated notes. International conditions favoured the region - stable

interest rates in the US, and low rates in Germany and Japan made Latin America's higher rates attractive. But Mr Rosenthal thinks the trend may be more perma-nent to the extent that it icies which would encourage

ated against a basket of curthe most important. was partly a result of gov-Preliminary Operview of the ernment policies. "After Economy of Latin America Mexico they took fright over and the Curibbean. Distribu-

Court backs encryption exports

By Louise Kehoe in San Francisco

A California judge has ruled ware, which can be used to ensure the security of Internet messages, are unconstithe free-speech rights of US

The ruling is a challenge limits exports. The controls a civil liberties group. apply, for example, to Internet browser software and filed by Mr Daniel Bernstein, other communications pro- a mathematics professor at grams that contain strong the University of Illinois-Chiscrambling" software.

decision, by US District on the Internet encryption strong encryption codes will Judge Marilyn Hall Patel. It and decryption programs, be granted export licences, represents, nonetheless, a called Snuffla and Unsnuffle, victory for free-speech advo- he had written. that US federal laws limiting cates who maintain that the exports of encryption soft- federal policy is inhibiting encryption is simply a topic their rights.

"American scientists and engineers will now be free to tutional because they violate collaborate with their peers in the US and in other countries. This will enable them to build a new generation of to a controversial federal tools for protecting the pripolicy that classifies strong vacy and security of commuencryption softwara as nications," said the Elec-"munitions" and severely tronic Frontier Foundation,

The ruling came in a suit to crime or terrorism.

of speech employed hy scientists involved in applied research," the indge said. "Hence, Snuffle is speech afforded the full protection ing Encryption is needed to of the First Amendment."

tains, however, that it is payments sent over the essential to limit exports of Internet, they argue. encryption software so that law enforcement authorities ever, what impact the Califcan screen messages related ornia court ruling may have

US information technology and is not hinding on other industry, President Bill Clin- US courts. Moreover, compacago. In 1993, the State ton announced some relax- nies that develop cryptogra-The government is expec- Department prohibited Mr ation of export controls in phy are atill required to ted to appeal against the Bernstein from publishing November. Developers of adhere to export restrictions.

but only if they develop schemes that enable court-"Software related to ordered "wire-taps".

The ruling was welcomed by critics of the federal policy who say export controls hamper the growth of electronic commerce and bankprotect credit card numbers The administration main- or other forms of electronic

It is not yet clear, howon federal laws. The ruling Under pressure from the applies only to California

way casts doubt on the credibility or the internal securify of Peru." Most local analysts also postponed the inavitable

Questioning nver why Peru's national intelligence service - frequently praised by Mr Fujimori as one of the st in the world - had no inkling of the attack, or why the response of the experienced counter-terrorist police was so slow and ineffectual, has been placed on hold for the moment.

AMERICAN NEWS DIGEST

Boost for implant makers

The US legal battle over the health effects of silicone breast implants has swung further in favour of the manufacturers with a court ruling that could help resolve some of the scientific argument surrounding the devices.

A judge in a federal court in Seattle ruled late on Wednesday that evidence which purported to show a link

between silicone implants and some of the illnesses they

have been blamed for was not scientifically valid, and so could not be called in a case brought by 70 women.

If his decision stands, it could set a precedent for other courts around the country hearing similar cases. Implant manufacturers have seen the tide of public and scientific opinion turn more in their favour this year, with several academic and public studies questioning whether the devices are as harmful as claimed. They hailed the decision as an important victory.

Critics have said that silicone is responsible for a wide range of connective-tissue illnesses and damage to the body's immune system. Those allegations led 400,000 women to lodge claims for compensation two years ago in a scheme that would have marked the biggest product product liability case.

The fund later collapsed, and the biggest implant maker, Dow Corning, filed for bankruptcy. Dow Corning has called for a separate legal roling on the validity of scientific evidence about implants as part of its own plan to emerge from bankruptcy. Richard Waters, New York

US TV rating plan unveiled

President Bill Clinton and entertainment industry executives yesterday unveiled a controversial system to rate television programmes, to give parents more control over their childrens' viewing habits.

Mr Clinton made television ratings a centreplece of his re-election campaign, responding to a widespread anxiety about the decline of the American family and the eroslon of traditional values. He focused public pressure on the TV industry, in effect forcing industry executives to come

up with their own voluntary rating system. White House officials cite the agreement on TV ratings as a big achievement of Mr Clinton's first term, which focused on achieving small, practical gains.

However, the system announced yesterday, which is similar to that used by the film industry, has already come under sharp criticism from some parent and religious groups. The ratings cover six categories, and are based mostly on age. Critics want a more specific, content-based system which rates the sex, violence and language used in each show. Industry executives say such

system would be too complicated. The rating system will begin to operate early next year. In addition, from 1998, the installation of the so-called "V-chtp" in new television sets will make it possible to block shows electronically, using their rating as a Patti Waldmeir, Washington

Brazil's landowners squeezed

Brazil has moved towards reducing its unequal distribution of land after Congress approved a bill which will substantially increase the tax on unused farmland. Landowners who have over 5,000 hectares of land which is not in productive use face a tax of 20 per cent of the value of the land, under the presidential decree passed by a joint session of Congress late on Wednesday night. Mr Raul Jungmann, the agriculture minister, said the new bill was "revolutionary" because it made it 'impractical to maintain unproductive farmland".

The high concentration of land ownership in Brazil nearly 80 per cent of farmland is in the hands of only 10 per cent of farmers - is one of the country's most serious social problems and has led to an increasing number of riolent disputes. The government, which has come under strong

criticism this year for its slowness in addressing the issue, hopes the tax will force larger farmers to sell part of their estates. It follows two other land reform bills passed by Congress this month.

The bill was strongly opposed by the large cross-party group of landowners in Congress and was partly diluted before it was passed. A spokesman for the Landless Labourers Movement, which demands radical land reform, welcomed the bill but said the more important issue was how strict the government would be in implementing the new rules. Geoff Dyer, São Paulo

Menem changes labour rules

President Carlos Menem of Argentina has decreed changes to the country's labour rules, in a signal of the importance he attaches to proposed labour reforms now being held up in Congress.

The decrees allow small businesses to negotiate contracts without trade unions and give greater powers for the government to intervene in labour disputes. However, they do not address the more fundamental issues covered in the bill before Congress.

Mr Luis Secco, an economist at the Miguel A Broda consultancy, said the changes were important as a signal of Mr Menem'e determination to change the labour law, which would decentralise wage bargaining and change the redundancy payments system. Ms Debora Giorgi of the Alpha consultancy said the decrees were a surprise and a signal of Mr Menem's frustration at the delays to legislation while the government negotiates with trade unions. Stephen Fidler, Latin America Editor. London

Anger at Guatemala amnesty

An amnesty for crimes linked to Guatemala's 36-year-old armed conflict has been approved by Congress just days before the government and leftwing guerrilla leaders are due to sign a peace pact on December 29. The National Reconciliation Law was passed with an overwhelming

majority, despite protests by human rights activists. The new law, agreed on Wednesdoy, legalises the disarmed URNG guerrilla rebels by waiving prosecution for such "political" crimes as rebellion and sedition. It also pardons "common" crimes connected to political ones. But most controversially, it lifts the duty to prosecute agents of the state for common crimes

associated with counter-insurgency efforts. Human rights organisations have campaigned hard against the granting of an amnesty to the Guatemalan military, reputedly one of the worst burnan rights abusers in the continent.

However, it is extremely unlikely that the military would have accepted a peace that opened the flood gates to prosecutions. Johanna Tuckman, Guatemala City

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Peru reh

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FINANCIAL TIMES FRIDAY DECEMBER 20 1996 *

One world, one compelling theme. For a happy and prosperous New Year.

OPEL 😌

One touch of nature makes the whole world kin.

Shakespeare

I am not an Athenian or a Greek, but a citizen of the world.

Socrates

By nature, men are nearly alike; by practice they get to be wide apart.

Confucius

The world is moving so fast these days that the man who says it can't be done is generally interrupted by someone doing it.

Elbert Hubbard

Treat the earth well. It was not given to you by your parents. It is lent to you by your children.

Kenyan proverb

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orania.

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Medium-weight van will be designed in France and made in England

Joint venture by GM and Renault

By John Griffiths in London

General Motors and Renault are to make a joint assault on Europe's market for panel vans, they announced yesterday. In a few years about 60,000 vans a year will be made by IBC Vehicles. the GM-controlled plant now making the Vauxhall Frontera off-road model. Panel vans are those not derived

from cars. The most significant element of the deal is that Opel, GM Europe's German subsidisry, and Renault will develop jointly - within Ren-ault's engineering organisation at Creos in France - a new medium van in the 2.5 tonne to 2.8 tonne range. This is destined to go into production shortly after the

UK car production this year is above 1.6m for the first time since 1973, the Society of Motor Manufacturers and Traders said yesbeen driven mainly by Ford and expansion at UK factories of Toyota and Houda.

An export-driven production increase in The 11-month total exceeds that of any full 15.4 per cent.

year since 1973. December production is set to match the 98,217 vehicles of December 1995. This year's likely output of nearly terday, John Griffiths writes. The rise has 1.7m units would be almost double the 887,000 units of 1982, the industry's worst year since the 1950s.

November's output for export jumped by November lifted output for the first 11 19.3 per cent compared with November months by 9.2 per cent to 1,564,508 vehicles. 1995. Production for UK showrooms fell by 1995. Production for UK showrooms fell by

Transit.

respective brand names

The partners are anxious

to capture a substantially

greater share of western

Europe's panel van market,

one of the region's biggest

750,000 sales a year. It is now

dominated by Volkswagen's

Transporter and Ford's

IBC itself is a joint venture

be supplied exclusively from existing Trafic panel van keted under the partners' the IBC plant at Luton, range, to be sold as the

north of London GM Europe, Opel and the French vehicles group have signed a long-term co-operation agreement paving the way for a partnership in the sector "to continue well beyond the year 2010". the parties said yesterday.

Vauxhail/Opel Arena.

Another element of the deal is that Renault will also supply Vauxhall and Opel with a larger van, of up to 3.5 tonnes, which is cur- commercial vehicle sectors, rently under development by accounting for around Renault and will be produced at its Batilly plant in Initially, the agreement France currently producing provides for Renault to supthe Trafic and larger Master turn of the century and will ply GM Europe with its model. This also will be mar-

with Isuzu of Japan in the 1980s to build the Midi onetonne panel van. Midi production ceased earlier this year. The plant is now 82 per cent owned by GM, with Isuzu - in which GM also has a stake - holding the remainder.

The project will give General Motors its first big stake in the panel van market since it sold its Bedford subsidiary in the UK in the

It also marks the end of a long search by Renault to find e substitute partner for exploiting the panel vans market after its collaborative vans venture with Daf was aborted by the collapse of the Anglo-Dutch commer cial vehicle maker three

applicants **By Nicholas Denton**

The move will also

Forty-four operators, including AT&T of the US and the Global One alliance of Deutsche Telekom and France Telecom, won licences which will allow them to compete on largely equal terms with the two dominant UK telecoms com-

the year 2000.

access to the US market.

cations markets - especially munications.

Telecoms licences won by 44

The UK government yesterday flung open its tele-coms market – e year ahead of the schedule for its European neighbours – in an effort to ettract £5bn (\$8.35bn) of investment into the industry and establish the UK as a regional communications hub.

increase the pressure on US regulators to accept that the UK market is open to US operators and therefore to ermit the proposed merger between British Telecommunications and MCI Communications of the US.

The international facilities licences they have gained will allow new entrants and international operators to build and operate their own networks rather than rely on leasing lines from British Telecommunications and Cable & Wireless.

The unilateral liberalisation is expected by some analysts to result in a decline in UK telecoms companies' share of international traffic and a deterioration of up to Elbn in their annual international reve-

Mr Taylor also expected the Federal Communications Commission in the US which is vetting BT's proposed merger with MCI Communications - to allow UK telecoms operators the same

"The recipients of the licences include 20 US operators," said Mr Taylor, "Telecommunications should be an open liberalised market actions of the FCC should

The trade department, to issuing 44 international facilities licences, granted them to all but two of the applicants. NTL - the former transmission division of the Independent Broadcasting Authority, now owned hy International CableTel - is expected to receive a licence early next year. Opal Telecommunications dropped out

Bnt Mr Ian Taylor, UK minister responsible for tele-coms, said the forecast was essimistic. He said any loss would be outweighed by an increase in telecoms traffic and an expected £5bn in additional telecoms investment in the three years to

large positions they may bold, wbether on-exchange

match their rhetoric."

The UK Department of Trade and Industry immediately came under pressure from UK telecoms operators to ensure reciprocal liberalis-

"We urge the DTI to step up its efforts to open other countries' national and international telecommuniin Europe where most of them are still closed to competitors," said Mercury Com-

of consideration.

UK NEWS DIGEST

London 'needs cash to keep up'

investment in the capital to prevent it from losing ground to other big cities such as Tokyo and New York. it recommended a series of business investment districts, based on a New York model, in which an increase in local taxes levied from businesses helps fund environmental and anti-crime Initiatives.

The partnership, whose City of London and municipal authority members include several prominent figures from the governing Conservative party, says a lack of investment has led to the decline of London's public transport, streets and parks. London Pride suggested that the budget for the London Underground railway should be £3.7bn (\$6.2bn) over the next five years to eliminate a backlog of repair and refurbishment. Last week Mr Kenneth Clarke, chief finance minister, angered members of the partnership by telling them to stop "rattling the can" for more cash for the Underground.

Lloyd's chief apologises to Names

Lloyd's of London chief executive Mr Ron Sandler has written to Names apologising for the insurance market's failure to distribute surplus payments as planned from its recovery plan. Mr Sandler said he was sorry "many members have received so far only a proportion of their antici-pated profits or, to the case of others, no payment et all". Surpluses were originally supposed to be paid to Names. individuals whose assets have traditionally supported the market, by the end of September following the completion of Lloyd's recovery plan. But unexpected delays arising from a solvency test in the US meant that the timetable

Lloyd's apology to Names for the late distribution of surpluses came as the insurance market launched three test cases in the High Court in London against Names ref-Christopher Adams

■ ECONOMY

Rapid growth in money supply

Money supply figures issued yesterday indicated the fastest growth since January 1991. The Bank of England, the UK central bank, said M4 - the broad measure which includes notes, coins and bank and building society depos-its – grew 10.8 per cent in the year to November. The measure has been at or above the ceiling of the government's monitoring range of 3 per cent to 9 per cent since late last year. The latest increase, from 10.5 per cent in October, follows recent strong economic data, including a record fall in unemployment and buoyant retail sales.

Bank lending was especially strong because of corporate borrowing. The British Bankers' Association said total bank lending to the private sector rose by £4.6bm (\$7.68bn) in November.

CHANNEL TUNNEL

Public offering 'still on track'

Passengers numbers on Eurostar trains using the Channel tunnel between England and France are expected to reach normal levels early in 1997, London & Continental Railways said yesterday. They were halted last month by a fire on a freight train. LCR, which is to build a 110km high speed link between the Channel tunnel and London. does not expect the dip in passenger numbers to cause problems for its proposed public offering in 1998.

"It will be difficult to raise funds of the size needed." said Mr Adam Mills, LCR chief executive. "But we will have much more detailed costings than Eurotunnel did [detailing safety requirements and procedures] which Eurotunnel did not have." Additional safety demands on Eurotunnel, operator of the tunnel, led to a big rise in

SOCCER

Newcastle United to seek listing

Newcastle United soccer club yesterday confirmed it would be listed on the London Stock Exchange next year. The club said it would release no financial details until the middle of January but analysts forecast that the club's market value would be between £150m-180m (\$250m-300m). The higher figure would make Newcastle the biggest quoted soccer club after Manchester United. Newcastle made pre-tax losses of £5.1m on turnover of 227.9m in the year to July. The purchase of leading player Alan Shearer for £15m is likely to result in another loss

Shares in the four listed Premier League cinbs have risen by an average of 200 per cent so far this year, as investors expect growing revenues from merchandising, pay-per-view television and gate receipts. Chris Tighe Observer, Page 19

■ NORTHERN IRELAND

IRA ceasefire 'still possible'

Resumption of the Irish Republican Army's ceasefire is still possible, Mr John Hume, leader of the constitutional nationalist Social Democratic and Labour party in Northern Ireland, said yesterday. He said he was convinced that the renewed IRA campaign of violence would cease if Mr John Major, the UK prime minister, responded positively to his proposals aimed at clearing the way for the early admission of Sinn Féin to talks on Northern Ireland's future. Sinn Féin is the political wing of the IRA.

■ FUND MANAGEMENT

Regulator chairman to step down

The Investment Management Regulatory Organisation, the fund management industry regulator, has announced that Mr Charles Nunneley will step down as its chairman in July. He will be replaced by Mr Douglas McDougail, an imro board member since 1988 Mr McDougall will be Imro's deputy chairman until he replaces Mr Nunneley

LME is urged to publish more data

The Securities and Investments Board has called for a review of the exchange's practices

The Securities and Investments Board. the UK financiai watchdog, suggests that the London Metal Exchange should review the composition and practices of its board to avoid potential conflicts of toterest between the exchange's regulatory duties and its commercial inter-

The exchange sbould also look at the board's relationships with its committees and with the chief executive and his staff, the SIB says,. "with a view to mncb greater delegation to both of matters concerning the running of the exchange and market supervision and surveillance"

Also, "the board should formally delegate responsibility for monitoring market where necessary to maintain a proper market".

As well as reviewing the composition of its commitexecutive, with greater dele-gation of responsibility to the executive.

should be increased and the exchange should create the lation and enforcement.

operations and exchange

The SIB says most respon-

By Simon Targett,

Education Correspondent

British universities are producing

before, the Higher Education Fund-

ing Council for England said vester-

day. But, although Oxford and Cam-

universities, there is still a consider-

Raj Bagri, chairman of the London Metal Exchange, whose trading floor in the City is as busy as ever trading and for intervening prices and closing prices and benefits of future mar- cise, would be desirable. from the LME's ring. Howfied with the level of transparency in inter-office tees, the LME should estab- trading. The SIB therefore is lisb a clearer relationship recommending that the LME

inter-office trading which Staffing in the market systems. compliance departments there would be substantial costs in achieving real time publication of trades on the

between the board and the publish indicators of price and volume in relation to are drawn from existing

ket developments." Details of toter-office trading would also address part

of the problem arising from the lack of transparency in options trading, the SIB suggests. Most respondents expressed concern about this. It should also be possihle for the LME to achieve an appropriate degree of It adds: "We recognise pre-trade transparency for options by publishing quote

The SIB also suggests that

ships between LME members and their customers, the SIB suggests that the LME should consider implementing video and audio surveillance to bring the exchange into line with best practice. The exchange should also review its rules to ensure it can determine the exact relationship

between its members and

Dealing with the relation-

their customers. not recommending this spe- about warehousing arrange- pursne its plan to review 'assessment of costs, benefits cifically at this stage, ments, which produced and amend its rule book so and risks and of the consuldents to its consultation although it should be given much comment from organi- as to seek to afford the LME tation results". paper were satisfied with detailed consideration when sations that responded to greater access of informathe integrity of the official the LME assesses the costs the consultation exertion about and, where possi-

The LME should also undertake a study of the costs and benefits relating to the introduction of an electronic paperless system for the transfer of warrants (indicating ownership of

or over the counter".

ble, jurisdiction over its

members' business, such as

physical metal]. The SIB has rejected calls for it to impose changes in As for non-regulated cus- the LME's non-cash clearing

Kenneth Gooding

University research standards improve

ledge and skills count more and ers in 29 subjects. The funding council ruled after international 5 or 5* quality rating when, on the basis of this more world-class research than ever examining 192 institutions and 69 this year in at least one subject. assessment exercise, the funding subject areas, ranging from clinical laboratory sciences to sports related were adjudged to be researchers of studies, that some 573 university international quality. bridge remain the top-rsted departments are producing work of

international standard. That com-

pares with 348 in 1992, the last time able spread of excellence with as yet no sign of an emerging "ivy league". the exercise was carried out. The top Mrs Gillian Shephard, education subjects are history, music, hiologisecretary, said the exercise, showed cal sciences and pure mathematics. that a third of staff work in top-rated Oxford, with 1,494 world class researchers in 40 subjects, and Camdepartments compared with a quarter in 1992. That testified to the UK's bridge, with 1,395 leading scademics four years ago. Across the spectrum, "dynamic research base" which "will

economy where higher level know- don, with 793 international high fli- ing, compared with 96 in 1992. This

Even some of the former polytechnics now classed as universities are turning out international research work. This year, Liverpool John Moores, Thames Valley and East London joined Westminster, which retained its 5 rating for media studies achieved in the last exercise in 44 subjects, top the list. They are of former polytechnica, some 351

means they will be guaranteed some Some 87 institutions attained the government cash next February Across the sector, some 14,786 staff council distributes money for research.

The exercise was conducted amid allegations that some universities were "poaching" top academics from rival universities prior to assessment deadline last April.

But Mr Bahram Bakhradnia, of the funding council, said there was little evidence of a "transfer market". Research to he published next month is expected to show there was only a 2 per cent movement in aca-

stand us in good stead in a global followed by University College, Londepartments were ewarded a 3 rat-American Brands subsidiary to close factory

By Clay Harris in London

Gallaher, the tobacco group owned by American Brands of the US. is to close its cigarette factory to the northern England city of Manchester with the loss of 950 jobs.

UK cigarette production will be nafillan, in Northern Ireland, where Gallaher said it expected 300 jobs would be created through an expansion tovolving the installation of ultra-high speed cigarette

Gallaher is UK market leader

Hedges and Silk Cut.

over three to four years, with the months, the company said. The concentrated in one facility at Lis- expansion at Lisnafilian would take place over the same period. Gallaher said it expected this to sen as the site for the single plant cigarette making and packing scheduled for January 7. involve £40m (\$66.8m) in addi- in part because it was a purpose- machine modules. tional investment, but that it built facility. The Manchester would incur £70m in restructuring

sales. Its brands toclude Benson & an hour, compared with 8,000 at which also makes pipe and hand-Manchester. Gallaher said it rolling tobacco, had the capacity

first jobs due to go to about 18 tory accounted for 55 per cent of tory will have annual capacity to the 44bn cigarettes made by Gal- make up to 50bn cigarettes. Gallaher to the UK.

laher said it had an option to buy The Irish factory had been cho- four of the latest ultra-high speed

Mr Mike Mulhern, national sec-The new machines will have the 1959. It had made cigarettes in collar and shopfloor workers at ter of 1996.

with about 39 per cent of cigarette capacity to make 14,000 cigarettes Manchester since 1936. Lisnafillan, Manchester, said it was not a sound commercial proposition for Gallaher to "put all its eggs to one The closure of the factory at expected to achieve "significant to handle a larger volume of pri-basket". It also did not make sense mary tobacco processing, Gallaher to close Manchester when Gallah-Last year, the Manchester fac- said. After the expansion, the fac- er's national distribution centre was only a few miles away. The closure would be resisted with a campaign in the new year. A meeting with the company had been

In the US, American Brands said it would take a restructuring plant was a converted cotton mill, retary (tobacco) for the MSF, the charge of approximately \$80m, or into which Gallaher moved in trade union that represents white \$55m after tax, in the fourth quar-

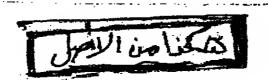
A charred body, sexual intrigue, international fraud. And that's before you even get to the office.

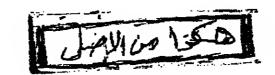
'Collateral Damage' starts on Saturday, December 21. FT at Christmas. It would be a crime to miss it.

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final line and win a hand-picked FT hamper. The Financial Times, World Business Newspaper.

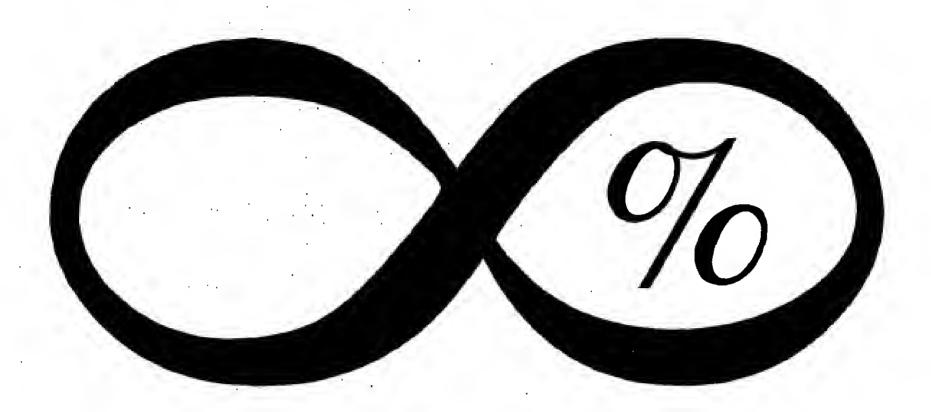




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12

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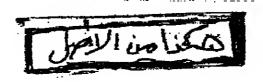
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eign direct investments

which are the subject of

enthusiastic ministerial

announcements - creating,

they tell us, thousands of

jobs in depressed regions

These companies have not

come here to make British

skills available to a wider

attracted by the top bidder

in a subsidy competition

among many regions of

Europe and often regions of

the UK. This is a competi

tion among areas all of

which can offer equivalent

- generally rather low -

levels of resource and capa-

And we should be more

sceptical still about allow-

ing control of British indus-

tries to pass into foreign

hands if this means either

that future development of

these industries' strengths

will be driven from over-

seas, or that the benefits of

enhancing these competitiva atrengths will ba

derived overseas. Whatever

is said about the globalisa-

tion of the world economy

most companies remain res-

olutely national at the high-

est levels of operation, and

their highest edded-value

activities are biased towards

So we should think long

and hard before allowing

others to acquire our phar-

maceutical or aerospace

capabilities, even at extrav-

agant prices. And it is good

that our electricity industry

should have eccess to Amer

ican skills and expertise,

but very undesirable that

we should end up with no

electricity distribution com-

pany headquartered here.

As in so many other areas

of economic activity, prog-

ress comes from diversity,

and neither British laisser

faire or French chauvinism

John Kay is chairman of

London Economics and

director of the School of

Management Studies of

gnarantee that,

Oxford University

their home country.

bility.

market. They have beed

MANAGEMENT



John Kay

Investment quality

In the long run our prosperity depends on the skills and capabilities of our companies and our workforce

Does it matter if all Britain's electricity generating companies are owned by Americans? The takeover of Loodon Electricity by Entergy of the US means that only two will remain Britisb. Does it matter if all our leading investment banks ara subsidiaries of continental European financial institutions? If the Britisb-owned car industry is replaced by ooe which is mostly owned by the Japanese? If we have to get our KitKats from the Swiss, our

The Freoch government thinks it does. That is why it has recoiled from the prospect that its consumer electronics industry might fall into the hands of the Koreans, vetoing Daewoo'a proposed purchase of this part of Thomson's business.

water from the French, and

our beta blockers from the

This is oot a problem the British government has to worry about. The equivalent goods here have for years been made by companies called Sony, Hitachi and Samsung. There was a time wben we took e different view. When Kuwaiti ownership of a 20 per cent stake in British Petroleum was too much to bear. When the Mooopolies and Mergers Commission was horrified by the prospect that Royal Bank of Scotland's bead office might move to Londoo, far less Hoog Kong. But oot any more.

It is silly to be xenophobic about all this. It is an undeniable, if depressing, fact that the car industry and the consumer electronics industry, under UK ownership, largely failed to meet the challenges of international competition. We did make things worse by merging all our small weak competitors into a large weak competitor, in the hope that one netional champion would enjoy critical mass, global niche, and several other cliches. But

bave viable companies in ment for developing these. sceptical about those for cars and consumer electronics is to have Japanese ownership, management and

And if American companies want to buy our regulated utilities for more than they are worth, the difference is a net gain to UK plc. The world is full of regulated companies with more cash than knowledge of the markets they want to enter, convinced that the grass must be greener somewhere else. What really ought to concern us is not when foreigners buy here, but when our own companies, suffering from the same misconceptions, believa that the regulatory climate will be more benign in Bangkok than Birmingham.

So should wa just let the market rip? An economy in which we are all employed aa production workers for foreign companies, and then retire on well-funded pensions we have financed by selling the future earning streams of our companies to overseas investors, is certainly better than ooe in which there is little employment and no pensions.

But in the long run our prosperity depends on the skills and capabilities of our companies and our workforce, and that does oot sound like the best environ-

This brings us to the oub. Our national economic objective is to maximise the added value which is created in Britain. We can only add value by having akills and capabilities - in people or in companies - which are batter than thosa of the companies and countries with which we are in international competition. So we should welcome foreign ownership when it adds to these skills and capabilities. And we should deplore it if lt means that these developmeots take place aomewhere else or that the benefits of enhancing their value

disturbed by the fact that much of what is done in the City is done by companies with foreign parents. Ownership may have been transferred, but London is still where the value is added. and that means the return from adding that value will be earned here, the increasing involvement of foreign companies in London has led to the bidding up of the earnings of people with specialist skills. And the presaoce of so many foreign companies helps to enhance these skills and confirm London as a centre where

accrue to somewhere else.

So we should not be too

Bot we should be more

they are located.



today, the only way we can Entergy's Ed Lupberger (left) and Bob Reid of London Electricity

the cull of a further 100,000 cows at high risk of bovine spongiform encephalopathy

ers keen to see an end to a ban on sales of their cattle in Europe, but it beightens the big problem of disposing of the 1.1m cattle over 30 months old that have already been culled. "The vast majority of the animals that have been killed hava yet to be incinerated," says the Intervantioo Board, which administers the scheme for the UK Ministry of Agriculture, Fisheries and

Most of the carcasses have

foot and mouth.

One innovative proposal

The chamber would be fuelled by a mixture of kerothese bores would be "spal-

he beef crisis took a oew turn this week when the UK government announced

The news will please farm-

either been put in cold stores or rendered down into meat and bonemeal and tallow. which is also being stored awaiting incineration.

Tha government is still actively pursuing the possi-hility of burning rendereddown carcasses in power sta-tions. This would solve much of the problem, but there has been opposition to tha idee from environmen-

So the ministry is looking for other ways to reduce the backlog, ralying on some inventive thinking from angineers. It has also invited members of the Institution of Mechanical Engineers to suggest ways of disposing of animal carcasses should there be any future outbreak of diseases such as BSE and

has come from Worldrill, a drilling company. Using technology daveloped for drilling for oil and gas in small, high-risk fields such as those in the Atlantic, it wants to create a large underground combustion chamber in a natural granite all traces of the proteins. outcrop in southern Scot-

sene and air, beating carcasses up to 1,500°C to eliminate all traces of the disease. Worldrill would create the chamber using e technique called spallation drilling. where rock is heated to 2,300 °C using hot gases, causing it to flake and fall away. The company would begin by drilling a hole 220m deep. A second hole would be drilled parallel to the first. Next,

TECHNOLOGY

Burning issue

Philip Greenfield on ideas for dealing with the result of the BSE cattle cull

led" to about 4m in diameter, increasing to 6m so the holes intersect to creste the chamber. A third hole would form the shaft, down which the cattle carcasses would be dropped. The Creetown site, a dis-

used quarry owned by Tarmac, is ideal for an underground oven, says Worldrill. Worldrill plans to charge just £98 (\$164) for a whole cow, compared with £120 charged by incineration companies and £80 a tonne for meat and bonemeal pellets.

Tha big advantage of burning cows underground is that the exheust stack can be very long. The 200m flue proposed would keep the gases at 1,500°C for op to 11 minutes, long enough to kill called prions, which are thought to cause and transmit the infectioo.

A cow is made up of 53 per ceot protein, 6 per cent oils and fat, 22 per cent water and 19 per cent carboo and other non-combustibles. All that comes oot of the other end of the process, after three stages of cleaning, is ash, carbon dioxide and nitrogen.

The Scottish Environmental Protection Ageocy, which would have to approve an application to build the oven, has received the proposal enthusiastically. However, it has asked that Worldrill provide more detailed data on the conteots of the flue gas.

Meanwhile Aberdeeobased consulting engineers Titan Offshore UK has submitted a proposal based on technology used in Switzerland, home to a BSE problem second only to that in the UK. Titan has offered mobile slaughtaring and incineration units with a gas clean-up unit designed to meet EU emissions stan-

Capable of processing 200 cows per week at e cost of about £55 per cow, the incineration unit burns at 850°C. reducing cows to sterile ash, says Jeremy Mockridge. international projects direc-

Like Worldrill's proposal, the mobile incinerator is designed to kill the rogua prion protein. This is a claim thet existing incinerators cannot make, according to environmental experts. "Killing prions is not just

a question of temperature alooe and it is very expensive to test if they are still present," says Richard Bruce, who runs the Hartington Group, an environmental consultancy. A third proposal comes

from Essex-based BRC Envi-

Philip Greenfield writes for

ronmeotal Services, which says its mobile microwave ovens would elimioate all traces of prions

It has applied for £250,000 funding from the ministry to apply its microwave induced pyrolysis process, developed over the past six years for industrial use such as retriaving oil from tyres. This is being studied by the ministry as an alternative to incineration.

Cavin McDooald, engineering director, says the process raises the temperature of the inert gas to break it down into hydrogen or methane gas, oil, water and carbon

Securing the funding would enable the company to build a prototype. Eventually it would build units to clear up victims of future animal disease outbreaks.

Roger Lilley of Friends of the Earth, the environmeotal group, says that tecbniques such as microwaving are feasible and less polluting than incineration. "We have been calling for the use of microwave induced pyrolysis for treating clinical waste for some time," be

Professional Engineering

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RECRUITMENT

experience of proudly telling their parents that they have achieved 87 per cent in the arithmetic exam only to be questioned about the class average and having to admit

they came last. Manufacturing companies, too, must have up-to-date information on the population as a whole in order to make the right judgments. Every so often, interesting data appear which suggest that Britons are getting bigger: the average shoe, bra and dress sizes are increasing. And woe betide the manufacturer who ignores the population norms and over-produces in the wrong

The establishment of good norms is especially important in the job selection business. Most people know that 1Q bas a clear-perfect hell curve with the average score of 100, two-thirds of the pop-ulation being between 85 and 115, and the top 2 per cent scoring over 130 IQ points.

But what about other abilities, or indeed one's scores on personality tests? Many widely used psychological tests bave norms – quite What may be naive pestering in the UK is healthy enthusiasm in the US, says Adrian Furnham

The importance of norms

ofted extensive norms on pra-ordered interval drinks power-hungry and prone to good norms on three tests. ish are also less comfortable described their samples, large and representative pop- in the theatre get stoleo? delusions of grandeur. That is what it costs to com- with tough-minded logic and were comparable on their ulation groups - but not British gorms. The Americans, who are enthusiastic developers and marketers of tests, have their own corms but are they relevant to an equivalent British population? Are middle-aged, middle-brow, middle managers from Birmingham really the same animals as their demographic counterparts in Birmingham, Alahama?

If stereotypes are to be helieved, Americans are more extrovert, enthusiastic. optimistic and more open with their emotions than the phlegmatic Brits.

David Frost and Michael Shea in their book The Mid-Atlantic Companion pointed ont that most Americans were puzzled by various aspects of British behaviour, and vice versa. Why do Britons apologise if you tread on their toes; why do they watch sheepdog trials on television, and wby don't

The British, on the other hand, ask why cash or personal cheques seem to be shunned in America; why few New York cab drivers speak English; why rubbish bins and post boxes look so alike; and why the nation that worships fast cars obeys a 55mph speed limit.

The trouble is that tests tap into national beliefs and behaviours. What is normal for America is not always normal for Britain, or indeed, any other nation.

No wonder that personal-lty tests looking at attitudes, beliefs and values in the two cultures do not tap into the same motives and traits. What may be naive pester-ing for the British is healthy enthusiasm for Americans. Hence American norms, which show British managers to be depressive, antiinnovative and prone to paranoia. British tests show American managers to be

Receatly, the British psychometricians have got in on the act, trying to establish British norms. But the process is expensive. Oxford

Why do the British watch sheepdog trials on television

Psychologists Press, a psy-

car-worshipping Americans obey a 55mph

and why do

speed limit?

chometric text publisher. bas spent over £200,000 so far simply trying to establish plete and analyse a 2,000strong national sample.

Many of the results are pretty predictable. As Dr Robert McHenry, the head of OPP notes: "One of the making and planning," issues is that the British express their emotions less openly than the Americans, so do got show much of a range. Comparing a Briton with an American tells you very little, but comparing members of the British population with each other tells you a lot."

Some interesting data emerged from the findings. Dr McHenry says some studies suggested that up to 70 per cent of the US population were extroverts but the UK study suggested that only 49 per cent of the UK. population were extroverts.

The data also suggest that the UK population is much more comfortable with facts than with ideas (UK 80:20: US 70:30). He says the Brit-

prefer value-based, "softer", thinking (UK 40:60; US 53:47). "We [Britons] are similar to the Americans in our preference for order, decision-

life (40 per cent for both). "Scores on one measure suggest that the British are less of almost everything than the Americans," including being less dominant, achievement-orientated and flexible. "However, we do score higher on self-control

which comes out at 60 per

cent for both populations,

and in preferences for a

more easy-going attitude to

good impression ('keeping up appearances')."
But it is not only British companies that are interested in establishing good British norms. The US-based company Caliper looked at the major differences on their personality measures. Yanks and Brits, as they

were comparable on their assertiveness, empathy, cautiousness and abstract reasoning ability.

But there were also intriguing differences, nearly all of which showed the Brits in a less positive light. Relative to a comparable group of Americans, British saleapcople were more aggressive, less rule-following, less thorough, less resilient, more auspicious and less willing to take risks, but had less of a desire

But establishing corms is much more than an academic exercise. Dr McHenry [the 'stiff upper lip'] and argues: "The exercise suggests that many previous assessments of the typical British manager may have underestimated his/her levels on a number of scales. Moreover, some questions that work in America do not work bere for local reasons. For example, a 'masculinity'

question - 'I very much like

to be liked.

answered 'true' by 70 per cent of American men is answered 'true' by only 10 per cent of British men.

Establishing norms is also about that most American of nastimes, litigation, There have been a number of British court cases this decade where rejected job applicants have attempted to sue employers on the decisions they made using psychomet-

As Dr McHenry potes: "All this is important in the workplace, as older UK legis. lation about employment discrimination begins to blte and newer laws such as the Disability Discrimination Act are introduced. Employers who do not phase out US-based assessments may find themselves having to explain to an industrial tribunal why the US popula tion of 20 years ago is a valid

comparison group. Providing good, up-to-date. national norms is essential. It does not provide any evidence for test validity but it does settle arguments about what and who is average.

The author is professor of psychology at University Col-lege, London

ACCOUNTANCY APPOINTMENTS



EUROPEAN MONETARY INSTITUTE

Vacancies in the Monetary, Economics and Statistics Department

The European Monetary Institute (EMI) was established on 1st January 1994 with its seat in Frankfurt am Main. The EMI's function is to strengthen the co-operation between its members, the central banks of the European Union, and to prepare for the establishment of the future European Central Bank (ECB). The EMI currently employs approximately 220 staff members and has its own terms and conditions of employment, including a competitive salary structure, pension plan, health insurance and relocation benefits. The EMI is looking for candidates to fill a number of vacancies as soon as possible in the Monetary, Economics and Statistics Department. Positions will be on a fixed-term contract basis and candidates must be a national of a Member State of the European Union.

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- · International monetary relations including the relations of EU countries with emerging or developing economics as well as a knowledge of the functioning of international economic and monetary institutions.

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- Command of English. Working knowledge of other European Unioo languages is desirable.

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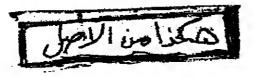




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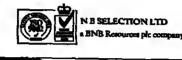
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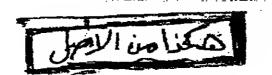
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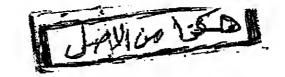


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vien Duffield is about to embark on a charm offensive. By next July she has set herself the task of raising £100m. No rich man or land is safe from a friendly ever shown a passing interest in

the opera or the ballet. For Duffield is heading the Royal Opera House Development Appeal. The arts lottery fund has contributed £78.5m towards rebuilding Covent Garden, making it servicable for the next century, but only on the understanding that the Royal Opera House provides the rest of the money for the £214m project. An appeal was launched last

week at a gala concert starring Placido Domingo, which raised £700,000. But Duffield needs more than tenors to reach her target. "I am pessimistic" she admits, only to quickly cheer up and affirm "we will have to find

One thing sha is adamant

Development in the Garden

woman, no chief executive in the Antony Thorncroft finds Vivien Duffield rattling the cash box for the Royal Opera House

touch, especially if they have about: she will not plug any shortfall with more cash from her own fortune and from the trust set up in the memory of her father, property tycoon Charles field, along with Lord Sainsbury, has contributed the bulk of the £37m assembled before the appeal was launched. "We were waiting to get the new chairman (Lord Gnamer) and the new chief executive (Genista McIntosh) in place before launching the appeal. Businessmen like to know who is running the show before they give money". There was also a delay in getting all the necessary huilding approvals from Westminster Council. Now construction is well under way

tial helpers are going hell for leather, with a blitzkrieg of breakfasts and lunches, many of them in the City. "I can think of Clore. It is well known that Duf- five individuals who might each give fim", she says, but most of the money should come from business, especially the 450 corporate friends of Covent Garden. It is in their interest to renovate the building, and it is hoped that many will give £500,000, which spread over five years and, with tax breaks, amounts to a viable 290,000 a year. Duffield cannot offer too much

in return, apart from the warm glow of knowing that their money has maintained London's position as a world centre of tion is well under way.

Opera and dance: guaranteed
There is not much time, so seats in the refurbished audito-

once a year; limited priority booking; entertainment opportunities in new, more agreeable, spaces; tickets for the closing and opening galas; and a part of the new building carrying a corporate or private name. "I've already found a backer for a disabled tollet" she says proudly. So far none of the dozen people Duffield has approached in the past week has given a categorical no.

One of her problems is that unlike the international art lovers being tracked by the Tate in its £70m appeal for the new Tate Gallery of Modern Art on Bankside, she cannot expect foreigners to make much of a contribution. But in addition to the corporate friends, and the com-

Duffield and her team of influen- rium; access to the royal box mitted private individuals who are members of such groups as the Drogheda Circle and the Pointe Shoe Appeal, which provides dancers with new shoes, there are tha 19,000 Friends of Covent Garden who will be approached, in time. Finally, the faithful audience will get a chance to contribute.

> ith her energy and enthusiasm Duffield may pull off her chal-lenge. But if she tion. Some of the 2100m is intended for a quasi-endowment. which will be used to keep seat prices down in the new house: Covent Garden is keen to lose its

The money will come from the rentals of the commercial developmant which is part of the scheme. If things go badly this land could be sold off and the income sacrificed. If the surplus property is dropped from the plan Duffield only needs another £30m on top of the money already committed.

Duffield is also competing against other cultural icons the Tate, the British Museum, Sadler's Wells - all seeking partnership funding to complete lot-tery aided projects. Then there is the Millenpium Exhibition -"that's queared evaryone's pitch". In addition Duffield has discovered that the current generation of business entrepreneurs is not as arts-loving as its

signed up only one new Friend".
In the meantime Covent Garden's supporters must be kept happy during its long closure, which starts in July and is expected to last 28 months. A full programme is being penciled in for both opera and ballet companies, with appearances in New York, the Edinburgh Festival. the Barbican, the Festival Hall, Labatt's Apollo at Hammersmith, Sadler's Wells, Shaftesbury Theatre, plus regional tour-

But events can still thwart plans. The Royal Albert Hall last week chose to get into bed with English National Ballet rather than the Royal Ballet.

Duffield will more than earn her place of honour at the reopening gala for the Royal Opera House at the end of 1999. Ever then her task is not over. She accepts that no government will ever supply enough money to keep Covent Garden at ease: there will always be the need for predecessors. "We approached a the lady rattling the cash box.



Joanne Pearce, Robert Glenister and Derbhle Crotty in the RSC's new production of Ibsen's 'Little Eyolf'

Theatre/Alastair Macaulay

Anguish on the outside

ple when their only child dies? In Ibsen's 1894 play Little as yet been unable to make a Exolf, the title character dies life apart from them. Ibsen, at the end of Act One; and in psychological mode. he has already been a cause of tension between Alred of attraction between sister and Rita, his parents. Acts and brother that is partly Two and Three demonstrate various stages of anguish,

guilt, despair and anger. The play, seldom seen, is one of lbsen's keenest and most modern. They soon ous light. find their own once-consumquietly, helplessly, lacerate each other. Did they even truly love Eyolf, or ever win his love? Why did they really marry? All this become grief," says Alfred, "is merely the gnawing of our

consciences."

adoration of his sister Asta, who lives with them and bas brines up a whole new vein the longing for lost inno-- among other things - their cence, but also near-incestuous: then, by means of a plot development, he complicates matters by setting their attraction in a non-incestu-

The chemistry between ing love extinct, and they characters keeps changing. and we hang on each conversation because the real plot of the play concerns how characters think about each other. Finally, he leaves husuncertain. "What we call our band and wife alone grief," says Alfred, "is together, hopeless, but nonetheless bleakly talking of starting their life anew. The As always with Ibsen, real plot of an Ibsen play lies Rita return to the stage, mezza voce here, planissimo by Allied Domecq.

That happens to recent events bring up past not in concrete events but in dishevelled, in an overcost in chest register next, and and the real beauty too.

> Adrian Noble's new Royal Shakespeare Company production of this play. It is sensitive, intelligent, simple; and it is entirely concerned with revealing the play. There is no overlay of reinterpretation or of extraneous detail. The play, with its small cast (six actors) and intimate scale, suits the Swan Theatre very well; and Rob Howell's designs economically give us furniture and costumes of the late 19thcentury against an acquamarine backdrop that suggests both the deep water in which Evolf drowns and the gazing eyes with which he is said to gaze up from the seabed. In Act Three, Noble has

ones. Alfred reverts to his psychological development; from whose pockets she then wow them with my removes stones, like some Virginia Woolf returning The unfulfilled gesture to want to succumb to from the brink of suicide. her husband with which she And with Derbhie Crotty as ends the play is overdone. Asta, and with Damian Lewis as the angineer Borgheim who courts her, the

play breathes. Joanne Pearce, returning to the stage as Rita, is an impressively accomplished actress whom, alas, I never believe. She has both variety and guts. As Rita. I sdmire ber seamless range of vocal colour, her sparing deployment of memorable gestures, her authoritative pacing of dialogue. Her intense commitment, however, is, I find. full of contrivance: devoid of relaxation; and marked by numerous incidental misjudgments. And the great dynamic variety she displays is itself artificial: I'll do

unexpected (but brief) forte. This contrivance rubs off

on Robert Glenister, playing Alfred. It is a daring stroke, for example, to have him (and then Rita) laugh smid their grief, as he observes that neither of them ever won Evoli's love; hut not, here, credible. He is at his best with Crotty; and tha production grows more spontaneous in their scenes together. In general, howsver, with both Glenister and Pearce, we observe only the external demonstrations of feeling, not the inner life of the nervous system itself.

In RSC repertory at the Swan Theatre, Stratford-npon-Avon. Sponsored Obituary

Marcello Mastroianni

good looks of Marcello Mastroianni, who died yesterday aged 72, were always like to ensure him a comfortable niche as yet another screen lover in the grand tradition of Italian cinema: but it fell to his friend and mentor Federico Fellini to recognise tha extra qualities which would bring the actor worldwide recognition.

Mastroianni was 35 and had already made 40 films when Fellini cast him as the jaded journalist in his notorious tale of contemporary Roman decadence. La Dolce Vita. The director had insisted on Mastrolanni despite the film producer's preference for Paul Newman. He was richly repaid by a preformance which delicately balanced vanity, intelligence, fading beauty and

La Dolce Vita, released in 959, was a key cultural launch pad of the 1960s, and Mastrolanni came to symbolise hoth the decade's excesses and its fashionable air of self-disgust. In Michel-

angelo Antonioni's La Notte he played a successful novelhim; in Fellini's later 81/2 he talent for comedy in Divorce was the director/hero suffering a creative crisis while made in the same year as fighting off his admirers.

passive perforin mances these key movies of the 1960s, which brought him to the attention of American audiences, led to the unfair assessment that he was himself". His reputation as a lover of food and women did nothing to dispel his image of moral flacidity. "Mastroianni is a fellow who sees his tagliatelle or spaghetti and completely forgets he is doing a role," jibed the director Luchino Visconti early in his career.

But be remained a prolific worker throughout his life, starring in more than 120 films and winning two Best Actor awards at Cannes and an Oscar nomination for his

in fascist Italy in A Special ist surrounded by beautiful Day. He was also more verwomen who failed to under- satile than be was given stand what they want of credit for, showing a sharp - Italian Style, which he

the bleak La Notte. The son of a carpenter, astroianni's Mastroianni was born in a under-stated small town near Rome. During the war he was captured and sent to a labour camp by German soldlers, but he escaped and lived in poverty in Venice until 1945. His fast lead film role was in an Italian production of Victor doing nothing but "playing Hugo Les Miserables two vears later.

Mastrojanni saved much of his best work for his later years, showing a winning capacity to parody his earlier screen persona and capturing the pathos of old age in Gluseppe Tornatore's Everybody's Fine and Nikita Mikhalkov's Dark Eyes. Earlier this year Mastroianni starred with his daughter Chiara in Three Lives and only One Death.

Peter Aspden

The trade in classical music across the Channel is hy no means one way. While Britain is exporting a variety of orchestras both for single concerts and loncan counter with one particular cultural asset from the land of luxury goods - the

early music group, Les Arts Florissants. No matter that it was founded and is led by an American, William Christie. The orchestra and choir of Les Arts Florissants have a peculiarly Gallic sensitivity - call it a wine taster's palate or an impressionist's eye ever there was one. - that sets them aside from comparable British groups. such as the English Baroque

Soloists or the Orchestra of the Age of Enlightenment They have played some high-profile dates in Britain recently: a lavish production of Purcell's King Arthur at the Royal Opera House last year and Handel's Semele at the Proms - but this was their first French opera here for a while.

Not surprisingly, the stage works of the French Baroque are a speciality. A few years

Concert charm

ago the group even managed cell or Handel is just right a fully-staged production of for Ramean and the famed Lully's extravagant Atys, but "Musette en rondeau" was without a regal pursa to so chaste and seductive at offer financial support, con- the same time, it could have cert performances have to be the norm, and that is what we had at the Barbican on Wednesday for Rameau's Les Fètes d'Hébé - a rarity, if

is because the piece is an to be danced as much as sung and played. Right up to the end of the 19th century French audiences liked to have a ballet divertissement dropped into the middle of their operas for light relief festival next autumn and Les Fêtes d'Hébé is a veritable operatic souffle, with nlmble-footed menuats. rigaudons and passepleds lifting every scene.

The dances are easily the

best part of the score. They are full of inventiveness. bright-eyed, amusing, subtlycoloured, even sensuous, and Christie responded to them as to the manner born (his biography states he is now a mic fluidity which can seem a touch soft-centred in Purcell or Handel is just right been by Ravel.

The singers are left with less interesting material, but Sarah Connolly delivered Iphise's big solo with more than early music good man-The music certainly sets ners, Thierry Félix was a one's toes tapping, but that strong bass and Jean-Paul Fouchécourt made a characopéra-ballet, which cries out ter out of Mercury. A venue with more immediate sound than the Barbican would bave been helpful, but that will not stop Les Arts Florissants coming back: they are

Richard Fairman

Sponsored by Brandeis and Association Française d'Action Artistique.

INTERNATIONAL **ARTS**

AMSTERDAM

CONCERT Concertgebouw Tel: 31-20-6718345 Radio Kamerorkest: with conductor Ton Koopman, soprano Akie Amou, violinist Elisabeth Perry and viola-player Zottán Benyacs perform works by Mozart; 11am; Dec 22

ATHENS CONCERT

Athens Concert Hali Tel: 30-1-7282333 Daniel Chorzempa: the organist performs works by J.S. Bach, Mozart and Liszt; 8.30pm; Dec 22

BERLIN

3 P. C

CONCERT Komische Oper Tel: 49-30-202600 Christmas Concert: Kammerorchester der Komischen Open with conductor Florian Heyerick, soprano Anna Korondi.

baritone Alexander Marco-Buhrmester and the Chor des Kinderstudios perform works by Hellendaal, J.C. Bach, Mozart and Telemann; 7pm; Dec 23 Philharmonie & Kammermusiksaal Tel:

49-30-2614383 Breslauer Kammerorchester

Leopoldinum: with conductor Stefan Bevier and violinist Viktor Kuzniecow perform works by Vivaldi, Corelli and Manfredini; Som: Dec 23 Weihnachtsoratorium (Cantales

I-III): by J.S. Bach. Conducted by Karl-Ludwig Hecht, performed by members of the Berliner Orchester and the Knabenchor Berlin: 4pm; Dec 22

aatsoper Unter den Linden

Tel: 49-30-20354438

Hänsel und Gretel: by

Fabio Luisl, performed by the Staatsoper Unter den Linden. Soloists include Höhn, Priew, Trekel-Burckhardt, Nossek, Eisenfeld and Zettisch; 5pm; Dec 22, 23 (3pm)

Humperdinck, Conducted by

CAMBRIDGE

EXHIBITION

Fitzwilliam Museum Tel: 44-1223-332900 The Utagawa School: this exhibition is devoted to the pupils of the founder of the Utugawa School, Utugawa Toyoharu (1735-1814). The main specialities of the Utugawa school were actor prints and spectacular action scenes such as battles and wrestling matches. Artists

represented include Toyokuni. Toyohiro, and their pupils Kunisada, Kuniyoshi and Hiroshige; to Dec 22

CINCINNATI

EXHIBITION Tatt Museum Tel: 1-513-241-0343

 A Christmas in Naples: exhibition of an 18th century Neapolitan nativity from the collection of Francesca P. de Oleguer Angelon. More than 75 figures with carved animals, baskets, wax fruits, and other tiny accessories tell the traditional story of Christ's birth; to Jan 5

■ COLOGNE CONCERT

OPERA

Kölner Philharmonie Tel: 49-221-2040820 Kölsche Weihnachten: Ludwig Sebus and others perform Christmas songs; 8pm; Dec 21

Opernhaus Tel: 49-221-2218240 Neues vom Tage: by Hindernith, Conducted by Manifed Maythofer, performed by the Oper Köln, Soloists include Karan Armstrong and Andrzej Dobber, 7.30pm; Dec 21

LONDON

CONCERT Purcell Room Tel: 44-171-9604242 Weybridge Mala Voice Choir: with conductor Christine Best and soloists Angela Springett, Bridget Payne and Elizabeth Gardner

perform traditional choral pleces. popular songs and Christmas music; 7.30pm; Dec 21 Royal Albert Hall Tel: 44-171-5898212 BBC Concert Orchestra: with conductor Ian Watson and the

music; 7.30pm; Dec 23 OPERA Royal Opera House - Covent Garden Tel: 44-171-2129234

King's Singers perform Christmas

 Turandot: by Puccini. Conducted by Daniele Gatti, performed by the Royal Opera. Soloists Include Sharon Sweet and Giuseppe Giacomini; 7.30pm;

■ LOS ANGELES

CONCERT Dorothy Chandler Pavillion Tel: 1-213-972-8001 Los Angeles Philharmonic: with conductor Joseph Swensen and cellist Ronald Leonard perform works by Haydn; 2pm; Dec 21

MILAN CONCERT

Teatro alla Scala di Milano Tel: 39-2-72003744 Orchestra e Coro del Teatro alla Scala: with conductor Riccardo Muti perform works by Mozart, Verdī, Rossini, Vivaldi and

NEW YORK

Martucci; 8pm; Dec 23

EXHIBITION The Metropolitan Museum of Art Tet: 1-212-879-5500 Portrait Miniatures from the

Collection of Her Majesty Queen Elizabeth II: 75 portrait ministures from the British Royal Collection are included in this exhibition that explores the art of painted miniatures from its beginning at the hands of Lucas Homebolte and François Clouet to its final flowering in the Victorian era. Hans Holbein the Younger, Nicholas Hilllard, Isaac Oliver, Rosalba Carriera, and Jean Ftienne Liotard are among the

PARIS EXHIBITION

Musée Auguste Rodin Tel; 33-1 47 05 01 34 Rodin – Les Marbres de la

artists represented; to Jan 4

Collection Thyssen: this exhibition features 6 merble sculptures by Auguste Rodin, commissioned by August Thyssen (1842-1926) in 1905 and 1908; to Jan 5 Musée d'Orsay Tal: 33-1 40 49

Paul B. Havitand, photographe (1880-1950): exhibition featuring about 40 works by photographer Paul B. Haviland, a member of the Photo-Secession. His works include portraits, nudes and urban landscapes; to Jan 5

FRANCISCO

EXHIBITION M.H. De Young Memorial Museum Tel: 1-415-750-3600 Beat Culture and the New America: 1950-1965: this exhibition examines the crosscurrents, exchanges and

collaborations between poets, artists, musicians and filmmakers of the Beat movement, and includes painting, sculpture, film, installations, music and the spoken word. Sections are devoted to the three centres of Beat culture: New York, San Francisco, and Los Angeles. Artists represented include Willem de Kooning, Franz Kline, Larry Rivers, Robert Rauschenberg, Jim Dine, Allen Kaprow, Jess, Jay DeFeo, Wallace Berman, and others; to Dec 29

THE HAGUE DANCE

Lucent Danstheater Tel: 31-70-3609931 The Nutcracker: a choreography by André Prokovsky after Marius Petipa to music by Tchaikovsky, performed by the Koninklijk Ballet van Vlaanderen; 8.15pm; Dec 23

ZURICH OPERA

Opernhaus Zürich Tel: 41-1-268 Oper Zürich: with conductor

Christoph von Dohnányi and soloists including Stefania Kaluza and Comelia Kallisch perform Stravinsky's Oedipus Rex and Bartók's Duke Bluebeard's Castle; 7.30pm; Dec 21

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17,30 Financial Times Business Tonight

CNBC:

08.30 Squawk Box

10.00 European Money Wheel

Financial Times Business Tonight

Philip Stephens

Fishy coincidence

John Major may find a curious similarity between his best shot for a polling date and the national interest

Britain'a electoral clock is ticking faster than we thought. If he is smart, John Major will call the general election for March 20. This thought is offered without prejudice to the outcome. It gets harder by the day to imagine that a few weeks either way could reverse the tide carrying Tony Blair towarde Downing Street. For all that, in his choice of polling day, Mr Major may

find a curious coincidence

between his own best shot

and the national interest. I draw this conclusion not There are conventional because of the kerfuffle this week after the Conservatives were caught cheating in a parliamentary vote. For this small deceit the prime minister may eventually pay a heavy price. The morale of the Tory troops will hecome ever more wretched if Labour's withdrawal of co-operation keeps MPs locked up at Westminster. But mostly the episode told us what we knew. The government is dissolving into the chaos we saw last during the dying days of James Callaghan's Lahour administration in 1979.

The more important fact charts to prove it. for Mr Major was that he won the vote on the European fishing regime. This was the first real test since he lost his majority in the House of Commons. The Ulster Unionists, whose nine votes give them the The one certain balance of power, are playing cat-and-mouse with prediction we can the prime minister, But for now these ob-so-upright

sell him their support. There was also the merest forthcoming hint that the Tory Eurosceptics may find better things campaign to do in the remaining weeks before polling day than to drive their stake deeper into Mr Major's will be an heart. The Christmas break at least gives him a precious unedifying three-week breathing space. From this, old hands at spectacle Westminster deduce he would do best to hang on until May 1. The last Labour

government survived many at the voters from every ing to force Mr Major to rule more serious scrapes. If his parliamentary managers need any further tips on how to be devious, they will find plenty in the many volumes of political memoirs from the Callaghan era.

Tha prime minister bribed the Unionists this week with the promise of a faw extra fish for Northern Ireland'e trawiers. Peanuts. His Labour predeceeeor stumped up a gas pipeline and five extra parliamentary seats for the province.

arguments for playing it long. The Budget tax cuts will not find their way into wage packets until April. The voters need more time to imbibe the feelgood factor. Incomes are buoyant, house prices rising, and inflation subdued. A fall in unemployment to below 2m has reminded us Mr Major cannot be written off entirely with the economy so strong. Waiting a few more months should win him some credit. Michael Heseltine, the high priest of economic determinism in politics, has a clutch of

Then there is the planned advertising onslaught on New Labour. Vast swathes of the nation's poster sites have been booked from early January. Mr Blair's demon eyes will stare down

Ulstermen seem content to make about the is that it

road junction and railway station. Maurice Saatchi, the mastermind behind the blitz, will want time for his message to penetrate the electoral consciousness. If they are to return to the

Tory fold, the voters must be thoroughly terrified hy the alternative. And the now-ennobled Lord Saatchi is good at his job. It all sounds pretty con-vincing. But Mr Major is a

careful man. Before making up his mind, he likes to draw a line down the centre of a sheet of foolscap. Pointby-point the case for any particular course is weighed against the alternative. Applying the test to the election date, he should conclude he has nothing to gain from delay. The residual prospects of a Tory recovery will diminish over time.

Consider first the position in parliament. When a government has a majority it commands the initiative. It has the capacity to make the political weather. Remove that majority and it is forever on the back foot, obsessed with avoiding the late-night ambush which might bring it down.

As Denis Healey, the last Labour chancellor, says of those final months of 1979, the Callaghan government was paralysed by the threat of defeat. Transfixed hy every House of Commons vote, it found it could never project a coherent strategy. The crises and compromises, and the multiplying indignities of clinging on drained its self-respect.

For Mr Major the threat is amplified many times by the Tory sceptics. They bold him hostage over Europe. The sceptics may he subdued now, but serious self-restraint is anathema to obsessives. Each week which passes in the new year will take the rest of ship or will be hand the ini-Europe one step closer to a tiative to his opponents? I single currency. The enemies behind him at West- a bunch that Mr Major will minster will not give up try- make the right decision.

out any prospect of sterling joining the vanguard.

So the prime minister needs to break free from the prison of parliament soone rather than later. As he proved in 1992, he is good on the campaign trail. The honest John tag has stuck. But the advantage is lost for as long as he relies for power on squalid manoeuvring in the House of

The winter weather and a new electoral register all but rule out dates in February and the first weeks o March. That leaves March 20. or, just possibly March 13. Another advantage will not have escaped the prime minister's attention. He faces a dangerous by-elec tion in the vacant Wirral constituency. Defeat in this Tory seat would cast another pall over the general election. The hy-election cannot he delayed until May 1, but Labour would find it hard to force a contest before March.

Put aside such partisan tactics and the national interest is equally ohvious. Public confidence in politics is at its lowest ehh in the post-war era. The one certain prediction we can make is that the forthcoming campaign will be unedifying. Politicians have lost the confidence required for serious debate and, in the process, have forfeited the respect of the electorate. The sooner the campaign is over, the better for the miserable health of politics.

Mr Major would do well to acknowledge this wider interest. If he loses, the first draft of history will judge him on these next few months. Will he be hounded from office or will he depart after a dignified contest? Will he make the last serious choice of his premier may be mistaken, but I have

·LETTERS TO THE EDITOR·

Number One Southwark Bridge, London SE1 9HL

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EU action on Burma sends right messages

From Mr Bill Jordan. Sir, Last week in Singapore the World Trade Organisation renewed its commitment to core labour standards and agreed to carry on co-operating with the competent body to set these standards, the international Labour Organisation. The Slore roling military dictatorship in Burma, a member of the WTO, treats the ILO with contempt and has persistently and grossly ahused the basic rights of workers, notably through forced labour on intrastruc-

increasing exports. After thorough examination of extensive detailed reports of the practice of forced labour, the EU has concluded that it cannot con-

ture projects aimed at

tinue to offer a tax break to Burmese imports into the European market. The Slore declined an invitation to give evidence to the examination and refused to allow an on-the-spot investigation. The democratically elected leader of Burma, Aung San Sun Kyl supported the proposal to withdraw preferential treatment of Burmese imports. The measures taken

tionist purpose. In these circumstances, the EU's action is the least that could be expected, is consistent with the ministerial declaration in Singapore and sends a message to the Burmese generals - and those companies that back

by the EU will have zero

impact on the EU job market

and clearly have no protec-

power - that business cannot carry on as usual.

Your editorial's ill-judged criticism ("EU and Burma", December 19) of the EU misses its target but delivers a slap in the face to the brava opponents of a heinous regime inside Burma and in exile. Furthermore, it damages your paper's advocacy of the goal of trade liberalisation by suggesting that tolerance of the intolerable is a necessary evil in pursuit of a global single market. The question of the relationship between adherence to core labour standards and the rules for international trade cannot be

Bill Jordan, general secretary, CFTU. swent under the carpet, as the intensive debate on the subject in Singapore demon-

its illegitimate usurpation of strated. It would be preferable to take action on cases such as Burma in a multilateral framework, but as that is not currently available, the EU's move this week was constructive and skilful. Since I have just returned from a Congress of Asian and Pacific trade unionists in the Philippines, I can also assure your readers that the EU's decision was welcomed by the representatives of 30m workers in that region who intend to make sure that the Slorc's strategy for competitiveness on world markets is not exported.

Bd Emile Jacqmain 155. **B-1210** Brussels, Belgium

Too much trust placed in the PSBR

From Mr Frank Blackaby. Sir, Did the politicians at Duhlin discussing a stability pact understand what they were doing?

Any serious student of economic policy knows that it is always a mistake to pick ont some intermediate economic variable and elevate it to tha status of an meinctable objective. The public sector borrowing requirement (PSBR) is a case in point. It is badly defined; the line between the public and private sector is singularly indistinct, and indeed in many instances is of no economic significance. Further, the connection between vari-

ations in inflation and the variations in PSBR - say within the range of zero to 5 per cent of GDP in developed countries - is one of the worst validated correlations in modern economics.

There is a further old truth which should be resurrected. Savings and investment decisions are made by different groups of people: yet the nature of the economic system requires them at any time to be identical. It is perfectly possible, in normal, not necessarily recessional times, for the desired savings of the private sector to exceed that sector's desired investment by a

ernment, if it wishes to maintain a high level of economic activity, must act as the "borrower of last resort" If it fails to do this, the equality between actual savings and investment is brought abont at a lower level of output. The economy will continue for a long time to operate well below capacity, with high unemployment (the only good measur of spare capacity). That is what is happening in Europe

wide margin. Then the gov-

Frank Blackaby, 9 Fentiman Road. London SW8 1LD, UK

directors. Yet with Coca-

total assets), and being

worth well in excess of

\$100bm, surely the power of

advertising is obvious. But

as it isn't exact or measur-

able it is the most abused

Cola, having almost no tan-

gible assets at all (relative to

The immeasurable value of advertising

From Mr John Wakely Sir, I read with great interest Winston Fletcher's article on fustifying advertising spend, as I have spent much of the last two years trying to understand why nearly all UK consumer nondurable companies have performed so badly this decade ("Admen strive to embrace the appliance of science." December 16).

The answer I find is that ... at the onset of the last recession they all significantly cut back on advertising spend. Why, when in this age of improving quality, all

its intangible brand equity (although not so intangible that it can't be put on a UK balance sheet).

So why did these manage ments cut their life blood? Partly because few studies have provided a good link between advertising and profitability/stock price. In an un-coming report on the this matter I have had to source a study in the US from the 1970s. In contrast. nearly all advertising effectiveness studies have focused on the link with volume/market share - not exactly in the forefront of tancy driven CEOs/finance

expenditure in the UK. A pity, since our advertising seencies often seem to he the most innovative in the world, Perhaps they have to be?

John Wakely, executive director, Lehman Brothers. London EC2M 7HA, UK

Unnatural extension

From Ms Sarah Burton Sir, John Churchyard (Letters, December 16) is falling into a common trap when he asserts that genetic engineering is a natural extension of traditional cross-breeding methods. Cross-breeding takes place within (not between) species ie cross-breeding different sorts of cows to encourage a

certain facility for milkproduction. In contrast, genetic engineering involves the transfer of genetic material (DNA) between totally unrelated organisms. So, for example, genes from viruses, bacteria,

animals have been inserted

into crops. This circumvents

the natural species barriers - crossing a line which nature would never cross. It also gives rise to unpredictable risks (like the creation of a soyabean which causes an allergic reaction to people who are sensitive to nuts). It is not surprising to find that genetic engineering can result in the unexpected production of novel toxins as well. It is the unpredictability of these outcomes that is most worrying.

Sarah Burton. campaign director, Greenpeace UK, London N1 2PN, UK

Europa · Paul De Grauwe

An unbalanced agreement

The EU stability pact tips the balance too much against fiscal flexibility



When European Union member states come to formulate their fiscal policy economic and monetary

union, they will have to find a balance between two conflicting concerns.

The first is the need to ure serve flexibility in managing their economies in the absence of the option of adjusting exchange rates or any centralised European budget. Their national hudgets are the only available instruments for dealing with unfavourable economic shocks. Under the single currency, therefore, memher states will want to use national fiscal policy when confronted with recessions.

The second concern is the need to avoid spill-over effects from unsustainable national deficits and debts. If one member state runs up unsustainable debts and deficits, there is a risk it will default in the future that the same in all the countries: will inevitably have an impact on the financial system of the Union and other member states.

at last weekend's Dublin shows the largest yearly summit attempts to strike a declines in GDP reached durbalance between these two concerns. But the details of the agreement suggest the stability pact has been guided more by the fear of unsustainable debts and def-

The agreement emphasises UK - would have been able strict rules for government to invoke exceptional cirbudget deficits, with anto-matic fines if deficits exceed GDP by more than 2 per cent 3 per cent of gross domestic during a year) and would product, subject to a limited have been spared a penalty. number of exceptions and an The other three - France, element of political discre- Portugal and Spain - would

national budgets to mitigate recessions will be seriously hampered - intensifying the impact of those recessions. To see how much flexibility will be lost if the stability pact is applied, we should look back to the recession of the early 1990s and ask what would have happened if the stability pact had existed at

tion. This creates a serious

that time The chart shows the increase of the budget deficits in the EU countries from their lowest to their highest levels during the recession of the early 1990s. (The timing of the recession is not the steepest decline in GDP occurred in the UK in 1990, in Sweden and Finland in 1991 and in the other EU The stability pact agreed countries in 1993.) It also

ing that recession. and the UK - increased by more than 3 per cent during icits than by the need for the recession. Some nations flexibility. - Finland, Sweden and the

not have been able to invoke

rick that the capacity of these exceptional circum-etances hecause the GDP decline never exceeded 2 per cent a year. The chart also shows that increases in the budget defi-cit of more than 3 per cent of GDP are not uncommon dur-

ing recessions - six of the EU countries experienced such an increas This suggests that countries inside the monetary union which want to avoid fines for having deficits

greater than 3 per cent of GDP will need to run budget surpluses if they are to retain sufficient flexibility to use fiscal policy during The lack of budgetary flex-ibility in recessions imposed by the stability pact will create a lot of tensions between

national governments and two levels. First, since countries will The budget deficits of six have limited flexibility to ity pact know all of this. countries - Finland, France use fiscal policy in recessiveden, Spain, Portugal, sions, they will put strong pressure on the European

Central Bank to relax monetary policies. central bank from political pressure may in fact

increase the likelihood of The author is professor of exsuch pressure. Second, when countries are hit by economic hardship, EU institutions will be

venting the alleviation of the hardship of those hit by the recession. Worse, they will be seen handing out fines and penalties when countries are struggling with economic problems.

This will certainly not promote enthusiasm for European integration. On the contrary, it is likely to intensify Euroscepticism. All this looks like bad news for the project of economic and monetary union.

A more cynical appreciation of the stability pact, however, leads to the more optimistic conclusion that it is unlikely ever to be

An often-overlooked detail of the Maastricht treaty is that fines can be imposed oo memher states only hy a majority of two-thirds of the Council of Ministers (Article 104, c13). The stability pact has not affected this require

ment at all. As soon as fines are to be imposed, the two-thirds majority requirement will be needed whatever the size of the deficit and whatever the eize of the drop in GDP. (From this perspective the classification of different declines in GDP is completely irrelevant.)

Looking at the chart, is it conceivable that such a majority will be found when so many countries face the same problem in a reces-Sion?

The answer is that the sta-European institutions - at bility pact will then be a dead letter. But of course, the signatories of the stabil-

The only reason it was sions, they will put strong aigned, therefore, must be that the German government needed it for luternal political purposes. If that is Paradoxically, a stability the price to pay for monepact aimed at protecting the tary union, it may not be such a high price after all.

> nomics at the University of Leaven and MP for the Lib eral party in the Relgian par-

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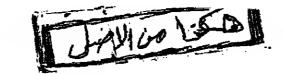
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COMMENT & ANALYSIS

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700 Friday December 20 1996

The jinxed Austrian bank

Creditanstalt, Austria's second biggest hank, appears to be jinxed. It was blamed for triggering the Great Depression wben it collapsed nearly 70 years ago. Now a row over attempts to return it to the private sector are threatening to bring down the government. Austria has done more than

many of its bigger neighbours m privatising large parts of its state-owned economy, However the six-year struggle to sell the government's 70 per cent stake in Creditanstalt have raised serious questious about Austria's willingness to smbrace a free-market economy and ditch the old system of Proporz where the two main parties divvy up top jobs and influence over the

Three hids are on the table. Bank Austria, the country's biggest bank, has offered the most money. A consortium led by EA-Generali, the Austrian arm of an Italian insurer, and First Austrian, the country's oldest savings bank, has offered less, but argues that its bid is a true privatisation since Bank Austria and its German and Italian partners are largely statecontrolled. The third bid, from an Austrian retailer, is not the decision is followed by Bank taken too seriously.

The Bank Austria offer makes the best sense. It provides the government with the most money, keeps Creditanstalt in

the hest scope for reducing the Overcapacity in the banking system. The cost savings should improve the profitability of the combined institution which would rank among the top 30 banks in Europe. With a 25 per cent share of the domestic market, it would also be the strongest foreign player in the newly-developing banking markets of central Europe.

The disadvantages are that the acquisition would give Bank Austria s near monopoly in areas such as domestic investmeut banking and export finance, strain its capital ratios, and possibly dilute the value of the government's stake in Bank Austria which it wants to sell.

The People's party opposes the Bank Austria bid on the grounds that it gives too much power to a bank allied to Mr Klima's party, it prefers the EA-Generali consortium, ostensibly because it offers a pure private sector solution but more likely because it is politically

Mr Viktor Klima, Austria's Social Democrat finance minister, should ignore such concerns and accept the highest bid - on the strict condition that Austria's own rapid return to the private sector. If Austria fudges this choice it will have lost its best opportunity to modernise one of Europe's most

Mexico's pain

It is exactly two years since the it can only be welcome. peso devaluation in Mexico precipitated a financial crisis and a deep recession. The international markets hounced back surprisingly quickly from the shockwaves generated by the crisis; Mexicans, on the other band, have yet to recover from

the economic pain it caused, Yet the devaluation has wrought important changes in Mexico, or at least accelerated those already under way.

It has rapidly advanced the eral ways. Exports, including ance of weakness. It occasion those from Mexico's maquila ally means that desirable govassembly industries, now ernment policies - such as the account for almost 30 per cent privatisation of petrochemicals, of gross domestic product, compared with 17 per cent in the and electoral reform - are first quarter of 1991. From being one of the world's most closed economies a decade ago, it is now among the most outward oriented in the world.

In particular, the devaluation number of sectors of the economy. This is most markedly the case in the troubled banking sector, where new foreign owners are beginning to compete for husiness. But it is also true in sectors as disparate as consumer goods, telecommunica-

tions and railways. This development may upset nationalists, but if it encourages genuine competition, and brings

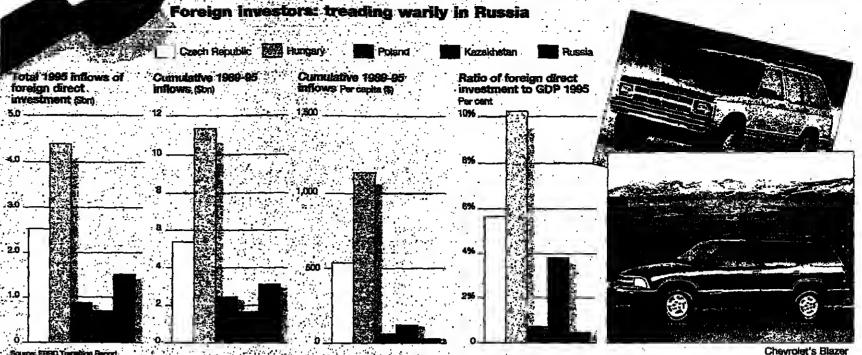
The economic crisis has accel erated change in the political system, too. Though President Ernesto Zedillo may not welcome it, it has encouraged the emergence of a genuine political opposition to his policies - as much within his own party as outside. It has also spurred the growth of civil groups, which have never had such as an important voice in Mexican

society as they do now. This complicates life for the Rovery development of pension funds

derailed or diluted. Although the slectoral rules are not as fair as they should be for opposition parties, next July's elections for Congress and, for the first time, for the has forced the opening of a mayoralty of Mexico City could lead to important oppositiou

> victories. Mexico has not resolved all the problems which brought about its financial crisis in the first place. Its economic fortunes are still too dependent on foreign, rather than home grown savings, and while its political system may be heading towards pluralism, that outcome is not guaranteed. Painful

in new technology and as the devaluation was, howlong-term capital to the country, ever, some good came out of it.



Desperately short of fuel

The risks of operating in Russia make foreign companies reluctant to provide much-needed investment, says John Thornhill

yesterday when the first Chevrolet Blazer four-wheeldrive rolled off the production line at the Yelabuga car plant in the republic of Tatarstan, in the industrial centre of Russia. For the first time a fashionably modern car, fully competitive in international markets, was assembled on Russian soil.

The plant is a \$250m (£150m) joint venture between General Motors, the giant US car manufacturer which has a 25 per cent stake, the Russian government and the government of Tatarstan. If all goes well production will reach 50,000 cars by 1998 - with 60 per cent of the parts made locally.

GM predicts enormous demand for its Blazers, which are a practical solution for drivers using Russia's pot-holed roads. Dzhipi, as they are known, have become an stractive status symbol for the country's new wealthy - and much sought-after by the car thieves that plague Moscow.

Such investments in Russia's manufacturing industry are desperately needed to reverse the precipitous decline in output, which has halved since reforms began in 1992. Foreign capital and knowhow are needed to help logical and managerial skills.

It is little surprise that GM should be enticed by one of the world's last untapped but fastgrowing car markets of 150m people. But perhaps the most striking feature of GM's investment is both the modest scale of its financial commitment and its rarity. A quarter-share in an investment of \$250m is tiny for a company which has an annual turnover of \$170bn - equivalent to about one-third of Russia's

gross domestic product. Like almost all other western car companies, GM is still treading warily in Russia five years after the country's capitalist revolntion began.

According to the European Bank for Reconstruction and Development Russia attracted just \$3.1bn of foreign direct investment between 1989 and 1995. An additional \$2bn may have been invested this year, the

Such figures are small in com-parison with the sums invested in the tiger economies of southeast Asia, such as Indonesia and Malaysia. And they are small even in comparison with what has been invested in some central European countries - Hungary attracted \$11.5bn between

The seemingly obvious explanation for foreign investors' hesitancy in Russia is that it is still too unstable a place to do business, teetering on the brink of political turmoil and economic

But serious foreign investors operate in many volatile regions and have largely discounted the sensational daily newspaper headlines. They are far more concerned with the mundane minutiae of tax codes, import tariffs and accounting standards, which more directly affect their busi-

"The question to ask is not why more foreign companies are not entering the Russian market, but why the companies that are already bere are not investing significantly more money," says Mr Peter Charow, head of the Moscow office of the American Chamber of Commerce, which has 350 local members.

"Foreign companies in Russia re already ahead of the curve and have the best perspective of the investment climate here. But very often their pragmatic answer is that there are still too many day-to-day operational risks in manufacturing here."

The list of foreign investors' concerns is long, and includes: · A confiscatory tax regime more than 150 taxes are applied with particular vigour to foreign

• The difficulty of enforcing commercial contracts and property rights in the courts. · Crime and corruption, which add to the costs and complexities

of doing business. • The hostility of local Sovietera bureaucrats, whose poor understanding of how a market economy works can derail deals agreed at the federal level. The special trading privileges granted to importers with close

contacts in the Kremlin. Mr Charow cites the example International Business

distributors were able to import IBM computers dnty-free and undercut the price of locally-produced models. "When you have such a skewed playing field it is no wonder you have skewed economic outcomes," he says.

There is certainly an understanding of many of these problems among the top echelons of the Russian government - and a professed determination to tackle them. Twice a year senior gov-ernment ministers participate in the Foreign Investment Advisory Council, discussing ways to overcome barriers to foreign investment with 22 top executives from the world's biggest multinationals. Permanent working

groups try to tackle their con-

cerns in between times.

r Vladimir Kossov. deputy economics minister. says Russia's reformers have already achieved a great deal "with fantastic speed" by liberalising prices and privatising the vast bulk of industry. But he acknowledges that there are many outstanding issues to be resolved before Russia can claim to have created a truly open and

competitive economy. "Life is like a zebra. It is black and white in stripes," he says.

The principal challenge, he now claims, is to adapt the administrative and legal processes and mindsets forged in the Soviet era to the radically different demands of a markst

economy.

"We are not huilding our economy on a clean field as they built the capital of Brazil," he says. "One has to understand that we are building anew on what was already built before. To create the stable foundations for an orderly market economy is therefore many times more compli-

cated than in eny other country." Nsvertheless, Mr Kossov argues passionately that the government will keep its promises to improve the investment climate. And he highlights a series of

recent initiatives. For example, many of the privileges for favoured importers have

although it is unlikely to be introduced until 1998. A flawed production-sharing

agreement for investment in the oil industry is to be reworked. This would provide a firm legal underpinning for investments in oil exploration and extraction projects estimated at \$60bn over the coming decades.

established investment offices in London, Paris, Frankfurt, Milan and Singapore to open the door to foreign investors and will soon move into north America and

But Mr Kossov says that while foreign investment will play a valuable role in upgrading the Russian economy it will always be marginal to the country's overall investment demands.

"Even if we reach our target and attract 10 per cent of the world's foreign direct investment flows, which would be wonderful, then this will still only account for a maximum of 20 per cent of our investment needs," be says. One potential source of pres-

sure for much-needed structural economic reforms ought to be domestic companies and banks are adopting an even more bleak view about their own economy than most foreigners.

Central bank statistics show that Russian companies transferred billions of dollars abroad in the first six months of the year, presumably because of the political uncertainty ahead of the summer presidential elections. As a result, yields on the domesinvestment away from the pri- cratic barriers decline. vate sector and delaying eco-

nomic recovery. President Boris Yeltsin's reoperation have eased the worst political fears and bought the government time to press ahead with economic reform if it can

muster the will. Mr Vladimir Konovalov, chief economist at the World Bank office in Moscow, says that the overall success of the govern-

Machines, which shut down a stready been abolished. A new ment's economic stabilisation small assembly plant in Russia tax code will broaden the tax programme – which could cut after it found that some of its base and simplify payments – the inflation rate to 20 per cent next year - has created the basic conditions for recovery. "It is quite possible that inter

est rates could fall to 20 per cent in rouble terms next year. That is the point at which investment projects become profitable investment will pick up over next and could unlock several vast year and you will see quite strong signs of growth," he says.

That recovery has already been Moreover, the government has anticipated by the stock market, which has more than doubled in value this year. This has allowed Russian companies such as Gazprom and Lukoil to raise finance on the international capital markets on relatively favourable

Paradoxically, bowever, the willingness of international fund managers to buy Russian assets could tempt nationalistic industrialists into believing that they can revive the economy on their

Last year, for example, the government tried to entice a strong foreign telecommunications company into the Russian market by bolding a tender for a 25 per cent stake in Svyazinvest, a bolding company with stakes in 85

regional telephone operators. Russian bankers and telecoms omy. But many Russian investors the government to drop this plan. They say they are now strong enough to raise money directly from international portfolio investors without handing over managerial control of strategic

national assets. Mr Lou Naumovski, head of the Moscow office of the European Bank for Reconstruction and Development, predicts foreign investment will gradually pick tic Treasury bill market soared to up in Russia as the economic climore than 250 per cent, drawing mate improves and the burean-

But he says Russia's lingering ambivalence towards foreign investors means that the country election and successful heart will never attract as much investment as it could and that the economy will not grow as fast as

it should. "Scratch Russians and the ostriot in them will always say they prefer the domestic solution. even if to western eyes it takes longer and is less efficient," he

Ring of metal

extraordinary situation recently: on several occasions when it had to consider important matters relating to ths operation of the market, almost all the board members were obliged to leave the room, because of conflicts of interest. The issues were dealt with by a small sub-committee of the chief executive and two others, one of them a co-onted independent individual. Later, board members complained that they were kept in the dark.

In its report on the LME yesterday, the Securities and Investments Board says this is not a good way to run a regulatory body. Indeed, it is not. So long as the board is effectively controlled by a rather old fashioned club of ring traders, public confidence in its regulatory functions will be in question.

The SIB's investigation. which followed the loss of \$2.6bn by the Sumitomo Corporation from unauthorised copper trading, acquits the LME of contributing to this debacle. It suggests many detailed ways to make metals trading more transparent and the exchange more efficient. But many of these represent a tightening of

existing procedures. Taken together, such measures could substantially improve the information available to the market in relation to physical stocks, trading outside the ring and activities off the

The board of the London Metal exchange altogether. The LME Exchange has found itself in an now also needs to review its procedures in relation to members acting as a proxy for customers, and to minimise ths impact of large secret transac-

tions on prices. Such reforms may not go far enough. The SIB says it is not ssary to move to a system of clearing accounts in cash each day (as in the US). However, such a move might improve overseas confidence

The LME itself is calling for

new laws to bring all metals trading within the regulated market. This may in the long run be desirable, but first it must reform itself to ensure that its regulatory duties do not get mixed up with members' trading interests. The SIB has made some sensible suggestions. They include a reductio of the proportion of ring mem bers on the board, an end to the dominance of ring members over all the committees, an increase in the number of independent board members and greater delegation to the chief

executive and his staff. Too often in the past members whn broke the rules were merely ticked off. This is not enough. Offenders must be seen to be disciplined. And if the outside world is to have confidence in this, much of the supervision and surveillance needs to be done by a secretariat seen to be independent of those who are

Smoking signals

■ Long criticised by doctors for not promoting public awareness of the dangers of smoking, the Hungarian government has again fallen foul of the medical

The local head of British-American Tobacco, Mark Jennines, has been awarded one of its highest honours. Jennings gets the Officers' Cross for his services to the Hungarian economy - the only national medal given to a foreign businessman this year. Jennings runs Pecsi

Dohanygyar, the biggest cigarette producer in a country with among the world's highest rates of smoking and one of its worst health records. More than one in three adults smoke - one reason why Hungarian men have among the lowest life expectancies in Europe.

No ministry has owned up to making the nomination but the award was approved by prime minister Gyula Horn, who is known for putting BAT's Kent cigarettes through interviews. The office of president Arpad Gonez - a non-smoker who presented the award ~ says Jennings was chosen because Pecsi is a model plant and has done much to help local tobacco

of the country's biggest taxpayers, supplying the central government kitty with about 1 per cent of its total revenues this year. But Pesci doesn't export and BAT's direct investment in Hungary is small compared to the input of multinationals such

as General Motors and Philips.

Guilded

It's 900 years since Henry II awarded them a royal charter, but the freemen of Newcastle in the north east of England are still an influential bunch. For one thing they control Town Moor, the 1,300 acre open space where the local ambitious football club now want to build a

The 1,000 freemen emphatically all male - have either inherited the title or earned it as apprentices to a freeman carrying on the trade of his guild. Their chairman Len Fenwick - probably the only hospital chief executive to represent a shipwrights' guild too - says they are keeping an open mind on Newcastle

swanky new stadium.

United's proposal. Losing a few acres of the moor wouldn't do any harm. Ground rent from the new stadium would go into a trust used to support dependents including widows and - a sign of the times divorced daughters. Besides,

much more of a problem than it. was in old King Henry's time. The freemen's staff are often called out nowadays to retrieve errant cows which have strayed into the city centre.

Pack leader

British Tories in the European parliament have resorted to a novel form of democracy. Forced to elect new leaders following the resignation of Lord Plumb, the MEPs have voted by a narrow margin of two in favour of pro-European Tom Spencer as leader of the tiny group. The other challenger was

James Elles. But a problem arose when it came to electing a deputy after James Moorbouse and Bryan Cassidy emerged neck and neck. The solution? Cut cards, of course. Moorhouse drew a queen. Cassidy followed - with a winning ace. The only snag is that Spencer now has a deputy who's decidedly more lukewarm

In the pink

than him about the EU.

■ European gastronomes who like their yeal white have a bone to pick with Douglas Hogg, the hapless British agriculture minister. Thanks to Hogg's pressure in Brussels on Tuesday

night, from 1998 veal calves will be fed iron, which will give their flesh a pinkisb tinge. Naturally veal-loving Italy voted against the change.

The talk in Brussels is that Hogg stands not the slightest chance of getting the British beef export ban lifted in time for the general election. Perhaps he is trying to gain votes as the champion of veal calves instead? What a man of the people.

I Spy

■ Advertising agency Bates Dorland has unveiled a buge poster for a London shop that caters for would-be spies, specialising in bugging devices and suitcases with false bottoms. Two arrows are spread across the billboard near Vauxball Bridge: one pointing to the shop across the Thames, the other to the headquarters of security service MI6, which stands only fifty yards down the road from

the giant poster. In old days of the cold war the real spies would have run for cover. But not thay seem to be taking a more relaxed attitude. The poster is a big joke at HQ. "We don't think this is disastrous." reveals one of Her Majesty's spies. "Everyone knows where our building is

these days. So how long before they get a big neon sign of their own?

Ginancial Times

50 years ago No New Chinese Currency

The recent weakness of the Chinese national dollar, which yesterday on the black market fell at one time to 6,500 C.N. dollars to one U.S. dollar, has revived the rumours of a new issue of currency. These rumours were officially denied by the Chinese Minister of Information in Nanking yesterday, when he described them as absolutely unfounded."

Mission to China The United Kingdom Trade Mission to China, after spending sbout two months in that country, arrived back in England by air yesterday. On arrival Sir Leslie Boyce, leader of the Mission, said: Everywhere we went we found that the warm feeling which we in Britain have for China was reciprocated."

Qantas Empire Airways Advertisement: "Qantas Empire Airways, the BIG name in Australian Aviation Partner, with British Overseas Airways Corporation, in maintaining British air supremacy, Qantas operates modern air passenger and freight services from Karachi and Singapore to Sydney, on the England-Australia air route - and from Sydney to New Guinea and Brisbans to Darwin. Qantas helps to make Australia a neighbour to the



FINANCIAL TIMES

Friday December 20 1996



Morris bid

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Spain to approve final stage of Telefónica sale

Nicholas Denton in London

The Spanish government will today give the go-shead to the sale of its remaining shares in Telefonica, the national telecommunications operator, in what will be Europe's third largest telecoms offering.

The sale of the 21 per cent stake, which at yesterday'a price would reise about Pta469bn (\$3.58bn), should be completed by mid-February. The issue, on which Morgan Stanley is acting as global co-ordinator will be Spain's largest single offering by a local company. It will start a year in which France and Italy are also expected to privatise their state-owned telecoms car-

Authorisation is also due today for Telefónica's purchase of e 23.7 per cent stake in Telefonica Internacional (Tisa), Its international division, owned by the Sociedad del Patrimonio del Estado, a government port-

This Pta106bn deal will significantly enhance Telefónica's given new impetus earlier this earnings. Tisa is the dominant foreign operator in the fastgrowing Latin American telecoms market.

Like Deutsche Telekom's offering in November, the Spanish company will aim the equity sale more at small domestic tovestors. It is understood that about 60 per cent of the shares will be allocated to a Spanish retail tranche, with domestic and internetional institutions splitting the

remaining 40 per cent. The privatisation launch coincides with e sharp rise in Telefonica's shares. They closed yesterday at a record Pta3,005, up more than 80 per cent on the Pta1,637 issue price in October last year, when the sold

12 per cent stake. Telefónica is due to lift its gross interim dividend by 16.7 per cent to Pta35 in January and analysts axpect a total 1996 dividend of Pta90, up 18.42

Turkey to highlight violations of rights by west cent of Brazilian operator CRT

Turkey, tired of attacks by international human rights campaigners, plans to turn the tables by publicising alleged violetions in the western world, particularly Europe.

Mr Sevket Kazan, justice minister in Turkey's Islamistled coalition government, said: "There is a negative atmosphere about Turkey. But now we will monitor human rights in Europe. The only thing Europe does is criticise Turkey, but from now on we will criticise Europe."

As an alleged example of how European governments violated citizens' rights, he said teenagers from violent from their familles and interned until they reached 18. "During this time, they are not allowed to see their parents. There are about 600

Mr Kazan said Moslems were not allowed to practise their religion freely in Europe. He said churches in Turkey were allowed to ring their bells hnt European mosques could not use loudspeakers to

mettin Erbakan has pledged to improve respect for human rights. Turkey'a Human Rights Foundation counted 59 extrajudicial killings, 166 "disappearances" and 171 deaths from torture between January and October. Many Turks feel the west is using human rights as a pretext for excluding Turkey from

greater European integration. Turks often say international campaigners employ doubla standards by "allowing" the slaughter of Moslems in Bosnia or Chechnya and ignoring the ferocity of Turkey's 12-year war against

serious misapprebensions: Turkey is the most important country in the world in terms of its contribution to peace and stability. Western delegations coming to Turkey ignored this fact for years and always kept the Kurdish problem and human rights issue on the top of the agenda."

And where, Mr Kazan asks,

does the PKK obtain its weapons, where does its money come from? Europe is behind the PKK. From now on to see these continued once we will demand some the single currency is created. answers".

Regulator seeks changes at **London Metal Exchange**

By Kenneth Gooding

Securities Investments Board, the UK said: "The recommendations financial watchdog, yesterday called for substantial changes in the operations of the London Metal Exchange following the Sumitomo copper scandal.

But it endorsed the LME's unique trading methods and rejected calls, particularly from the rival New York Mercantile Exchange, or Nymex, for wide-ranging reform. The SIB suggested the

exchange's hoard he reorganised to prevent potential conflicts of interest and better said most of the powers were held by too small a group of members called "ring-dealers".

The SIB said the LME executive should he given more about warehouse stocks could authority, employees and other resources. It also called more information about its warehouse stocks, options trading and prices reached between members dealing out-

Commission [the US regulator]

Sumitomo happened here."
Mr David King, LME chief executive, estimated the number of employees, at present 44. would have to be increased by about 20 per cent. He said represent the membership. It any changes to the LME's governance structure would have to be agreed by all exchange

issuing auch a report had

be provided as soon as next April, and possibly daily Sir Andrew Large, SIB chair-man, said: "There clearly is a high level of confidence in the See Lex; LME urged to publish LME otherwise people would

side the formal trading area or

and tive vice-president of Nymex. are welcoma but are purely cosmetic. It takes a 19th century club and turns It into a 20th century club - it has not got to the fundamental issues. "I could not imagine the Commodity Futures Trading

However, more information

Ring. But Mr Neal Wolfkoff, execuaffair to happen.

sold to one of the three global telecoms alliances, which include British Telecommunications' Concert group. The Portuguese operator, which is advised by Deutsche

and Chile.

Morgan Grenfell, said it would decide which by March and offer a symbolic stake, expected to be 2-4 per cent, to the winning bidder.

£750,000, most of which will be

Mr Raj Bagri, LME chair-

man, said yesterday said the

exchange would implement all

more data, Page 10

paid by the exchange.

Telefónica's share price was

week when a consortium

piloted by Tisa acquired 35 per

for \$656m. narrowly beating a

bid entered by Stet, the Italian

telecoms group. It gave Tisa a

strong foothold in the

southern state of Rio Grande

do Sul, where there is strong

potential for corporate cross

border growth with Argentina

Tisa is the dominant opera-tor in Chile and Peru and has

a strong presence in Argen-

tina, Venezuele and Puerto

Rico. Separately yesterday, it

was announced that s stake in

Portugal Telecom would be

broadcast the call to prayer. are at present. This is a pack-

age of measures designed to underpin that confidence and make it more difficult for events like the Sumitomo The commercial business of the LME has grown very fast and regulatory standards generally are rising. The executive of the exchange needs more people in its regulatory role and that will cost money."
The LME invited the SIB to

review its operations after Sumitomo, the Japanese trading house, claimed in June that its senior copper trader. Mr Yasuo Hamanaka, had lost \$2.6bn in unauthorised trad-Kurdisb separatists. The review cost about

Like his secularist predecessors, Mr Kazan said Turkey was fighting terrorism. "The Council of Europe does not show any interest when Kurdish men and women, soldiers, teachers were killed" by the Kurdistan Workers' party

Mr Erbakan says Turkey's European critics are under

Sanofi offer | Germany money targets

Continued from Page 1

Monsanto - and been rebuffed.

A cash takeover of Sanofi con)d prove expensive. Its share price has doubled in the past year, driven largely by the prospects for its new drugs, giving the company the highest price-earnings ratio among large drugs companies. ECB. They said there was a

Europe today A band of cloud and rain will linger

into Germany, Poland and the southern Ukraine, From Germany to

the east, the rain will change into

snow. These unsettled conditions

between the fronts, temperatures

France and the Alps will also be cloudy with rainy periods. The iberian peninsule will stay

unsettled as will italy and the

showers in southern Turkey. Five-day forecast

Balkans. South-eastern Europe will have sunny periods, with scattered

Cold but mainly dry conditions will

continue over northern Europe. Tha

UK will not be as cold and will also become mainly dry. The boundary

between cloud and rain will linger

over France and the Alps. Northern

Italy and the Iberian peninsula will

will stay below freezing. Farther to the south, it will stay rather mild.

argued for e two-year approach by the Bundesbank to minimise confusion in the period before it was eclipsed by the

Continued from Page I

lation and political pressure.

The Bundesbank's action is

danger that setting the M3 target in December 1997 would be accompanied by market specu-

designed to make the transition to Emu as smooth as possible by stressing its commitment to stable monetary

a united Europe". The M3 target also provided edequate liquidity for continued eco-

nomic recovery.
Several economists hed

FT WEATHER GUIDE over England, the Benelux and move are developing between cold air over Scandinavia and mild air over France and the Alps. North of the line

policies and its determination

Warm front ____ Cold front ___ Wind speed in KPH

still be changeable. Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands Farnikfurt Geneva Glasgow Hamburg Hersinki Hong Kong Horiolulu Istanbul Jakarta Jersey Karachi Kuwait L. Angeles Las Palmas Lime Caracas Casablan Chicago Cologne Calcar Dallas Delhi Dubai Dublin Dublin Majorca
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THE LEX COLUMN

Sleeping beauty

So far as it goes, Elf Aquitaine's decision to put its FFr27bn (\$5.2bn) stake in Sanofi up for grabs makes compelling sense. At the very least, the pharmaceuticals and heauty products maker will now be able to participate in the industry's consolidation. One much talked-about possibility would be a merger with a French competitor, But given the political constraints on cost-cutting in France, a better solution would probably be one which eddressed the weakness of Sanofi's distribution network to the US. In practice, this would mean merging with a large international drugs group snch as Bristol-Myers Squibb, which already markets Sanoti products in the US - always assuming that Rhone-Poulenc, the obvious candidate, is genuinely not inter-

One potential fly in the cintment, however, is Elf's desire to retain a big stake in the merged company. This could easily limit Sanofi's options. And it makes little sense on its own terms. Whatever the strengths of Elf's management, expertise in perfumes and healthcare is surely not among them. Moreover, there are compelling valuation arguments for pulling out of pharmaceuticals altogether, Sanofi's aggressive rating - its shares trade at 25 times this year's estimated earnings - gets precious lit-tle recognition in Elf's share price, which is on a multiple of only 14 times. By concentrating on its core business, Elf could crystallise the implicit hidden value. To substantiate its much-vaunted commitment to its shareholders, it must,

Diamonds

Having cheated on their old sales agreement and stalled on a new one, Russia can hardly have been surprised that De Beers' patience finally snapped, indeed, the Russians left it little choice. A consistently high level of Russian diaoutside of the Central Selling Organisation, the De Beers-controlled cartel. Worse, the Russians had been cherry-picking keeping the quality gems while passing the lower quality stones to

While De Beers' decision to stop guaranteeing payments for Russian diamonds was necessary, it should not be mistaken for a victory. Both parties are losers; the question is which loses most. Russia's diamond



can flourish ontside the CSO. That boast will now be put to the test. Not only will the Russians lose a guaranteed stream of income but they will also find raising finance is

harder without the sales agreement. The damage to De Beers will occur because buying stones on the open market instead of by contractual agreement will involve paying middlemen and so depress margins. But given that De Beers has been mopping up seepages of Russian diamonds for years anyway, the damage should be limited. It may be that, with mind concentrated, Russia will return to the fold. But, for the time being, with Australia already departed, the market is left to contemplate a cartel shorn of two of its largest producers.

LME

Mr Yasuo Hamanaka traumatised the copper market and cost his employers, Sumitomo Corporation, \$2.6bn. But his actions did at least prompt an overdne appraisal of the way the London Metal Exchange operates. The LME commissioned yesterday's report by the Securities and Investments Board to obtain a monds has seeped on to the market clean bill of health from an independent body. In large measure, that is what it has got. Most important, the SIB found that that there was no systemic risk arising from some of the LME's more controversial practices, notably non-cash clearing, offering credit and nonsegregation of funds.

But there are no grounds for complacency; the SIB did recommend 38 separata improvements the LME could make. Mostly these involve improved monitoring, greater transtsars have long maintained they parency and less clubbishness. All priate.

appears to have been so commercially successful, growing by 700 per cent in eight years, that necessary changes to the way it conducts itself were simply left behind. The improvements will cost money, but it will be a price worth paying to eugment confidence in the integrity of the LME. Anyway, the LME should recognise that the SIB has struck a fair balanca between improved oversight without compromising the LME's commercial viability. Of course, not even the best efforts of exchanges and regu-lators can prevent all Sumitomo or Barings-style episodes. The best disincentive will always be tight controls within companies and a corporate culture which discourages macho trading.

The award of \$398m damages against GKN rams home the legal risks of doing business in the US. The issue is not so much that the case went against GKN; It is rather the way that comparatively small alleged transgressions can lead to extraordinarily high damages. The source of the problem is that Melneke, a GKN subsidiary, allegedly overcharged its franchisees \$31m on advertising commissions over a decade. But this figure is multiplied 13-fold, after adding in compensation for loss of profit, interest and punitive damages. If the US court applied the maximum "triple" damages formula - something still pos-sible - the damage would be \$554m, or 18 times the disputed commission. All this for a business with sales of only \$30m.

The surprise is that GKN'a share price only fell 3.4 per cent. Given that the judgment came out of the blue - the company had previously said the action was not material one might have thought GKN's market capitalisation would fall by \$398m, equivalent to 6.5 per cent. One rationalisation for the more modest fall is that a \$398m loss will cut GKN's earnings by only 3 per cent. If, indeed, this is the reason, the logic is pretty odd. Such a hefty loss will crimp, though not elimi-nate, GKN's ability to make potentially value-enhancing acquisitions. And if the group did not really need the \$398m, it could have distributed it as a special dividend. Unless investors hope tha judgment will be revarsed or diminished, a higger drop in the shares would be appro-

Republic of El Salvador

Convocation Announcement

International Bid for the Sale of 51% of the shares of two telecommunications companies to be formed from ANTEL, the state telecommunications company of El Salvador

The Presidential Commissioner for the Modernization of the Public Sector of El Salvador, in conformance with Law No. 900 of 28 November 1996, invites investors to participate in the international public bidding process for the sale of 51% of the share capital of each of two telecommunications companies to be formed from the Administración Nacional de Telecomunicaciones de El Salvador

The international public bidding process will be composed of three stages:

1. Prequalification of interested parties.

2. Data room visits and negotiation of bid documents with prequalified participants. 3. Presentation of financial offers for 51% of the shares of each of the two telecommunications companies.

The Terms of Reference for Prequalification may be obtained beginning December 20, 1996, pending proper identification of the applicant, from the offices of Morgan Stanley & Co. Incorporated or Citibank, as listed below. The Terms of Reference will also be available beginning January 6, 1997 from the office of the Presidential Commissioner for the Modernization of the Public Sector, located at Final Calle México y Av. Los Diplomáticos, Barrio San Jacinto, San Salvador, El Salvador, between 9:00 a.m. and 5:00 p.m., telephone (503) 281-4037/ fax (503) 281-1149 or (503) 281-0204.

Prequalification Requirements

Parties interested in presenting themselves for prequalification may be foreign or domestic legal persons who are telecommunications Operators or are related with a telecommunications Operator, as defined in the Terms of Reference. The Terms of Reference establish certain minimum requirements for Operators with regard to operating experience, size of telecommunications operations and service quality standards. In addition, a non-reimbursable participation fee of US\$20,000 will be required at the time of the submission of prequalification credentials,

Presentation of Prequalification Documents

Prequalification documents must be presented in person at the offices of the Presidential Commissioner on or before 5:00 p.m. January 21, 1997. Interested parties may submit questions regarding the prequalification process until January 13, 1997 via facsimile to the Presidential Commissioner, with copy to the

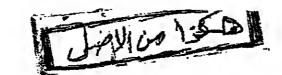
Worldwide MORGAN STANLEY & CO.

New York, New York USA

Atm; James Allen

El Salvador CITIBANG

San Salvador, El Salvador Tel: (212) 761-6880 / fax: (212) 761-0504 Tel: (503) 224-3011 / fax: (503) 224-2906



LEGAL DEFINITIONS

ambiguous n. 1 person who writes the wrong word equally well with the right and left hands 2 words in a contract which have an obscure or double meaning, see ROWE & MAW: asap (ph 0171-248 4282)

Rowe & Maw LAWYERS FOR BUSINESS

FINANCIAL TIMES COMPANIES & MARKETS MODO

Friday December 20 1996



IN BRIEF

Philip Morris bid wins Tabaqueira

Philip Morris, the US cigarette maker, won a controlling 65 per cent stake in Tabaqueira, Portugal's state-owned tobacco company, with a bid of £333.15bn (\$211.6m). This defeated higher bids by Tabacalera, the Spanish group (Es38.46hn), and Seita of France (Es31.2bn). Page 22

Budvar takes lid off US rival's offer Budějovický Budvar, the state-owned Czech brewery, claimed the moral high ground in its battle over the Budweiser trademark with Anheuser Busch of the US. The fight could be an expensive battle for the bearts and pockets of beer lovers worldwide. Page 22

South American car boom continues Another milestone in the breathtaking revival of South America's car industry in the 1990s will be passed when president Carlos Menem of Argentina opens Fiat's new \$500m car plant in Cordoba today. GM and Volkswagen'e Audi subsidiary announced big spending plans for Brazil recently, while Chrysler is also to invest in Cor-

Samsung shake-up pleases investors Shares in Samsung Electronics, the world's higgest producer of memory chips, rose 7.2 per cent to Won49,600, after the company's president was replaced in its biggest ever management resbuf

Asda to expand war on price fixing Asda, Britain'e fourth-largest supermarket chain, hopes to repeat its success in breaking price-fixing arrangements on books and drugs with a series of campaigns on other products next year. The group also announced a 15.8 per cent jump in pre-tax profits before exceptionals to £160.1m (\$267.36m) on sales ahead 13.5 per cent to £3.45bn, Page 26

Airtours in \$302m Italian cruise line bid Airtours, the UK-based tour operator, and its largest sbareholder Carnival Corporation have offered L452bo (\$302m) for Costa Crociere, the beavily indebted Italian cruise line, in a move to increase its share of the Mediterranean market. It is the two companies' first joint action since Carnival, the largest US cruise line, took a 29 per cent stake in Airtours in April, Page 27

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Huarte

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Swissair shares drop by 5%

By William Hall in Zurich

OTHE FINANCIAL TIMES LIMITED 19%

National airline warns it is facing second year of losses Shares of Swissair fell by more

than 5 per cent yesterday after Switzerland's national airline steep rise in kerosene prices. warned it might make a loss November traffic figures were for the second year running 13 per cent up on last year, but and announced a corporate reorganisation that fell well higher fuel costs and lower passenger yields meant results short of market expectations. were lower than anticipated. Mr Philippe Bruggisser, who Group operating profits now

takes over as chief executive on January 1, said that until the end of September the group's operating results were "slightly better" than last

However, the airline division had suffered a "deeply disappointing" October, caused largely by a lower than expected growth in traffic and a terday.

look likely to fall below last year's level. If Swissair decides to write down the value of its investment in Sabena, its lossmaking Belgian affiliate, Swissair could be in the red for

the second year running. Swissair's shares, which have been volatile, fell by SFT62 (\$46.60) to SFT1,025 yes-

yesterday's news underlined what is expected from the new management team led by Mr Bruggisser. Some analysts had been hoping that Mr Bruggisser would take action to increase shareholder value by floating off part of its highly successful airline catering

business, or even announce a

merger with a bigger airline

such as Lufthansa. In the event, Swissair announced the formation of a strategic alliances or divest new parent holding company to be called SAirGroup. It will SFr3m (\$2.3m) on its new

The stock market reaction to SAirLines (the airline). SAir- to know it was more than just Services (ground handling and other eervices), SAirLogistics (cargo) and SAirRelations (catering, hotels and retail travel). The latter will be the biggest part of the group, employing 15,000 staff, com-

pared with 9,000 in the airline. The changes in the articles of association, which require the approval of the Swiss govsubstantial flexibility to enter units. The group, which spent

an airline.

However, it insisted that fly ing would still be the group's core business and would not be any less important in the new organisation.

The airline will still fly under the Swissair banner and Mr Bruggisser said yesterday's announced SFr300m-SFr400m order for nine new Airbus A330-220 aircraft "underlined its commitment"

The new additions will increase capacity by a third

own four operating divisions: name, said it wanted the world fuel.

Rhône-Poulenc and Merck announce plan to create sector's largest company

French and US groups to link on animal health

By David Buchan in Paris and Daniel Green in London

Rhône-Poulenc of France and Merck of the US yesterday announced plans to pool their animal health businesses in a joint venture with annual sales of \$1.7hn - which would be the world's largest in this

The two companies signed a letter of intent to create the tinne to focus activity in both 50/50 venture which, following Lyon and New Jersey. regulatory approval in Europe
and the US, would start ergies in marketing and cost operating under the name of reduction, but claimed there
Merial in the second quarter of would be few redundancies

AgVet which will also contrib-Hubbard. Rhône-Poulenc's maceuticals groups seek to creshares closed up 106 per cent ate large businesses out of a at FFr167.70 and Merck was up fragmented and regionalised \$2% at \$79% at midsession, sector. J.P. Morgan acted for Merck and Bear Sterns for Rhône-Poulenc, headed by Jean-René Fourtou who last month ruled out a demerger of the group's chemicals and bealthcare busi-

Announcing the plan in business in the same area. Paris, Mr Igor Landau, managing director at Rhône-Poulenc, said Dr John Preston, the curwould be Merial's chairman

years, Mr Louis Champel, current chief executive of Rhone Mérieux, would be chief executive, but would combine both roles after two years, Mr Landan said.

To avoid accusations of one nationality dominating, Mr Landau said the Franco. American venture would have its headquarters "in some neutral country", but would con-

because Rhône Mérienx'a Merial will bring together strength in Europe, Asia and the veterinary activities of Latin America would comple-Rhone Merieux and Merck ment that of Merck in the US. The deal is the latest in a ute their respective poultry series for animal health comgenetics businesses ISA and panies as chemicals or phar-

> In September, American Home Products paid \$449m for the animal health business of Belgian chemicals company Solvay, and two years ago. Pfizer of the US paid \$1.45hn for SmithKline Beecham's

The latest deal would concentrate much of the world's animal health business in the rent president of Merck AgVet, hands of a few companies, also including Switzerland's Novarfor an initial period of two tis and Eli Lilly of the US.



Jean-René Fourtou, chairman of Rhône Poulenc, last month ruled out a demerger of the group's chemicals and healthcare businesses

Chinese airline prepares for global listings

By Tony Walker in Guangzhou

China Soutbern Airlines, China's fastest-growing airline, expects to proceed with its mucb-delayed stock market listings in New York and Hong

Kong in the new year. Mr Li Yongzhen, deputy director of China Southern's privatisation office, said Beijing was studying a draft of its proposals before giving its approval. Listing documents would go in the new year to the Civil Aviation Administration of China, the industry watchdog, and the China Secu-rities Regulatory Commission.

Mr Li indicated that 25-30 per cent of the Guangzhoubased airline would be offered to international investors, although a final decision had yet to be made. China has put a limit of 35 per cent on foreign ownership of its air

China Southern is seeking funds for an ambitious expansion programme. Its invest-ment in a fleet mainly consisting of Boeings stands at about \$1.2bn with another \$700m of aircraft on order, including 17 Airbus 320s. It hopes to raise \$200m-\$300m internationally.

The airline is expected to tsp the international market after China Eastern, its Shanghaibased sister carrier, lists in Hong Kong and New York. Morgan Stanley is advising China Eastern on its initial public offering. Goldman Sachs is assisting China Southern.

The two airlines, set up in 1993 when China restructured its aviation industry, have heen seeking government approval since 1994 for over-

seas listings. Concern about a weak market response and complex regulatory issues have delayed final approval. Mr Li was confident China Southern would receive a favourable reception, despite negative investor reaction last year to the listing in New York of Chinese power companies. "Investors are not very

familiar with Chinese power stations, but institutional investors are much more familiar with airlines." he said. China Southern made Yn510m (\$61.4m) in pre-tax profits in 1995 on turnover of Yn8bn. Profits this year are expected to match last year's.

Spanish banks move into Venezuelan private sector

By David White in Medrid

22

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Spain's two leading banking groups, Banco Santander and Banco Bilbao Vizcaya, yesterday continued their race in Latin America by buying into the two top private sector banks in Venezuela. Santander paid \$338.4m for

a 90 per cent stake in the number two institution, Banco for auction. Shortly afterin the larger Banco Provincial, taking the shares from Crédit Lyonnais of France, and part of the holding of Polar, the Venezuelan food and financial group.

BBV said it would exercise

cent of the bank. The opera- ing crisis. It has a network of market share.

is the first move into retail banking in Venezuela. was its second Latin American acquisition this week after the

For both Spanish groups, it

de Venezuela, which was up \$151m purchase of a 55 per cent stake in Banco Comercial wards, its rival announced it Antioquedo (Bancoquia) from was buying a 40 per cent stake Colombia's Grupo Bavaria, and brings its total investment in the region to about \$2.3bn. It said yesterday's purchase would contribute positively to earnings per share in the first year.

The Venezuelan bank was nanagement control, and with taken over by the government Polar would have about 65 per in the country's 1994-95 bank- dado, for \$123.5m.

tion, involving a fundraising, 184 branches, with deposits would mean pumping in about totalling \$958m at the end of \$300m. Banco Provincial has September, a market share of 245 branches, a 22-24 per cent just under 10 per cent. Santander said it was awarded the bank at 1.51 times book value. Mr Emilio Botto, Santander

chairman, said it was "a great Santander's successful bid franchise with enormons Santander has networks in

Chile, Peru and Puerto Rico. Its recent move in Colombia is tied to the acquisition by Bancoquia of the country's leading consumer credit specialist Invercrédito. BBV has interests in Mexico, Peru, Colombia and Argentina.

· Infisa, the Chilean finan cial group, has bought 80 per cent, of Venezuela's fourth largest bank. Banco Consoli-

GKN faces \$554m damages

By Tim Burt in London and John Authors in New York

GKN, one of the UK's largest engineering groups, warned yesterday it rould be hit by legal damages of np to \$554m after losing a compensation claim against one of its US car parts subsidiaries.

in what the company described as an "extraordinary verdict", a jury sitting in Charcontract over advertising growth. arrangements at Meineke Discount Mufflers, its US special ist exhaust retailer.

The decision follows a threeyear lawsuit by a group of That total comprises the origi-Meineke's franchise operators, nal cleim of \$31m, further comclaiming that the subsidiary's pensation of \$122m and \$150m in house advertising agency of punitive damages. It also

failed to generate new sales. In recent years, the rapid growth among such car-parts franchises has begun to slow, with demand for replacement silencers and exhaust pipes

less than 2 per cent a year. According to GKN, some Meineke franchise operators filed for compensation after hlaming the in-house lotte, North Carolina, said advertising agency for failing GKN was guilty of a breach of to maximise their sales

declining to a gross level of

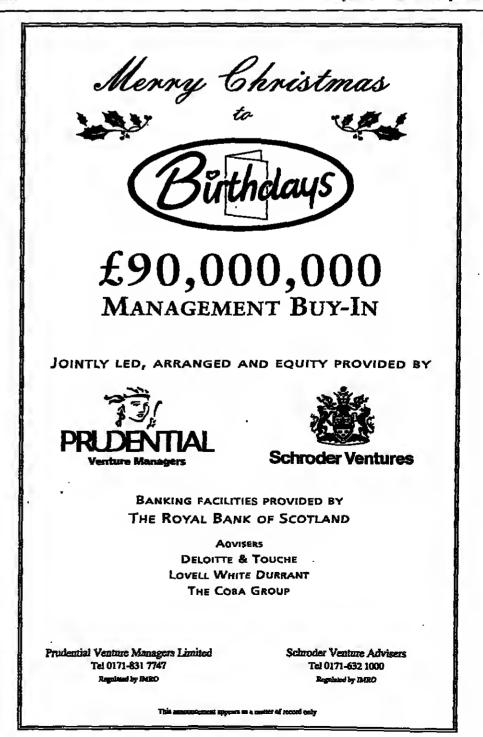
Although the initial compensation claim was just \$31m, the Charlotte jury awarded damages of \$398m against GKN.

had overcharged them and includes \$95m in interest charges.

In London, shares in GKN fell 35%p to 1,009%p after it indicated that the damages could be increased on appeal. Sir David Lees, chairman said: "Our reaction is total and complete amazement that a company can face such an award from a \$31m claim."

He vowed to appeal once the Charlotte district court judge ruled whether to uphold the damages. A decision ie expected at the end of Janu-

GKN said yesterday it would take an undisclosed exceptional charge against this year's profits to cover the dam-



COMPANIES AND FINANCE: INTERNATIONAL

CSX lifts Conrail bid by \$867m

in New York

The bid battle for Conrail, one of the three big railway operators in the eastern US. intensified yesterday when CSX, the friendly suitor, came close to matching the bostile bid made by Norfolk Southern, the other big eastern railway company.

its casb-and-share offer by \$16 a share, or \$867m, valuing Conrail at \$9.5bn. Nor- of being rejected in for another 20 per cent folk Southern is offering \$110 favour of the Norfolk of the stock at the same a share in cash, valuing Con-

CSX also sweetened its only offered a higher overall CSX had been due to offer tive, said: "This amendment bolders as soon as they approved the deal, instead of making them wait until the merger had been approved by the regulatory

The increased offer had been widely expected by US CSX said it was increasing railway analysts, because CSX's earlier cash-and-share

Norfolk Southern has not

offer by saying it would figure, but has also offered band over the cash and the entire sum in cash and shares to Conrail's share- says it will hand over the money as soon as shareholders approve the deal. The CSX offer is complex.

The company has already

bought 20 per cent of Conrail'a stock for \$110 a share through a tender offer. Next Monday, it had been due to call a special meeting of shareholders to ask offer had looked in danger for permission to tender

If that had gone through,

\$1%. after yesterday's revised offer, that valued each remaining Conrail

share at about \$81%. \$16 per Conrail share in January 17. Mr David LeVan, Conrail

1.85619 of its own shares for to the merger agreement each of the remaining Con- reaffirms the decision of the rail shares. With CSX'e Conrail board that it is not shares trading at \$44, down willing to agree to the sale of Conrail to Norfolk Southern.

However, Norfolk Southern indicated it was Yesterday CSX said it was not giving up the fight. It increasing the value of called CSX's move "an elevits bid by offering an extra enth-hour attempt to avoid defeat" at Monday'a shareconvertible preferred stock. holder meeting, and said it It said it was also defer- would use "any or all approring Monday's meeting to priate financial means to acquire Conrail.

Conrail'a shares were up chairman and chief execu- \$1% at \$100% at midday.

Philip Morris in Portugal success

By Peter Wise in Lisbon

Philip . Morris, the US cigarette maker, yesterday won control of Tabaqueira, Portngal's state-owned tobacco company, defeating rival bids led by Tabacalera, the Spanish group, and Seita of France.

The government approved Philip Morris's Es33.15bn (\$211.4m) bid for 65 per cent of the Portuguese group over a higher offer of Es26.46bn from statecontrolled Tabacalera and a Es31.2bn bid from Seita.

Plans by Philip Morris to almost double Tabaqueira's annual production from 11bn cigarettes to 21bn over the next five years by investing Es7.7bn are thought to have weighed heavily in the government's decision.

Mr Walter Thoma, head of Philip Morris's European operations, said yesterday Tabaqueira would begin producing the group's Marlboro, L&M and Chesterfield cigarettes under licence in the second quarter of next

It is transferring the production of 4bn cigarettes a year to Tabaqueira from plants in the Netherlands and Germany and plans to increase production by a further 6bn cigarettes a year by 2001 by investing in new capacity.

The socialist government approved the Philip Morris bid on condition that it sells Tabaqueira's dominant heldings in Portugal's leading tobacco distribution company and tobacco warehouses within 12 months.

Philip Morris, adding its 21 per cent share of the Portuguese cigarette market to Tabaqueira's 75 per cent, would enjoy a virtual monopoly if Tabaqueira maintained its dominant position in distribution.

A decision on the rival bids was held up for six weeks after the government asked the independent Competition Council to examine the impact of the sale.

The government wants to liberalise Portugal's tobacco market, where competitors have accused Tabaqueira of unfairly dominating distribution to its own advantage. Philip Morris said yester-

day that the prompt sale of Tabaqueira's distribution and warehousing holdings were part of its original proposals.

It would fully comply with the government's conditions, which also include an Jane Martinson agreement not to distavest.

INTERNATIONAL NEWS DIGEST

Huarte rescuer awaits state loan

Spain's troubled Huarte construction group came out of receivership yesterday after nine months. But its latest rescue plan, becked by businessman Mr Juan Miguel Villar Mir, still hung on a decision by the government's Official Credit Institute. Mr Viller Mir, who plans to merge Huarte with the Ohrascon construction group, has threatened to pull out if a loan is not forthcoming. Last month, a plan by Mr Rafael Fernandez, Huarte chairman, to write off part of the company's debts, was approved. Huarte can now implement a two-stage capital David White Madrid

Endesa denies accusations

Endesa, Spain's government-controlled electricity group, which faces unprecedented proceedings for allegedly misleading regulators over takeover bids, denied yesterday that it had withheld information from the stock market commission, the CNMV. The company could be fined a maximum of Pta35bn (\$267m), the equivalent of 5 per cent of its equity at the time of its mid-October bids for regional regulators Sevillana and Fecsa, on charges that it did not disclose to the CNMV, when requested by the regulators, takeover plans already agreed. Endesa shares rose 2.72 per cent yesterday to a record Pta9,050. Tom Burns, Madrid

Solvay buys control of Sodi

Solvay yesterday announced plans to take over the world's largest soda ash plant through the acquisition of a majority stake in the Bulgarian company, Sodi, for \$160m. Sodi'a synthetic soda ash plant, based near Varna, has an annual capacity of 12m tonnes of sodium carbonate, and

employs 2,000 people.

■ UCB, the Belgian pharmaceuticals and chemicals group, said 1996 profits would be eignificantly better than last year's net result of BFr3.4bn (\$106m), owing to a successful launch of its anti-allergy drug Zyrtec in the US Jenny Luesby and all-round improving sales.

Allianz upbeat on full year

Allianz, the German insurance concern, expects a "further substantial rise" in pre-tax profits this year based on performance to the end of the third quarter. Bu it repeated its earlier statement that the increase would not be as high as in 1995, when the pre-tax figure was 34 per cent higher at DM33.04bn (\$21.26bn). It has already held out the prospect of a pre-tax profits increase of at Andrew Fisher, Frankfurt least 10 per cent.

EBRD lends OTP bank \$50m

OTP, Hungary's largest bank, is to receive a 10-year \$50m subordinated loan from the European Bank for Reconstruction and Development as part of the strengthening of its capital base. Majority ownership of OTP (Orszagos Takarekpenztar es Kareskedelmi), the national savings and commercial bank which controls more than 30 per cent of the assets of the Hungarian banking sector, was privatised last year. The announcement of financial backing from the EBRD belped lift the OTP share price 5.5 per cent in Budapest yesterday to close at Ft2.870. Meanwhile, ABN Amro Bank, Europe's fifth largest

bank, yesterday said it was planning to inject \$137m in equity capital into Magyar Hitel Bank, the Hungarian Keoin Done, East Europe Correspondent

Worms may sell Demachy

Worms, the French holding company, announced last night it was in negotiations to sell to ABN Amro of the Netherlands a majority stake in its small French bank, Demachy Worms. With a net profit of FFr40m (\$7.6m) last year on a FFr11.3bn balance sheet, Demachy Worms is considered profitable, but too small to prosper on its own. David Buchan, Paris

Comments and press releases about international companies coverage can be sent by e-mail to

Budvar takes lid off US rival's offer

By Vincent Boland in Prague

Budějovický Bndvar, the state-owned Czech brewery, yesterday used the opening gambit in what could be an expensive battle with Anheuser-Buscb of the US for the hearts and pockets of beer lovers worldwide, and left his company playing secclaimed the moral high ground in their battle over the Budweiser trademark.

Over bottles of cold beer at the famous U Fleku pub in Prague. Budvar's top executives invoked history and

nents to settle the trademark on the future purchase of tional, said: "The last offer issue after the breakdown of sbares in Budvar by we made to Budvar was subissue after the breakdown of

Mr Jiří Boček, Budvar gen-eral manager, said the final offer tabled by Anheuser-Busch, which he detailed for the first time, would have and fiddle to US Budweiser in European markets where the companies are disputing rights to the trademark.

According to Budvar, the offer included a 10-year agreement on the purchase commercial logic to justify of Czech hops worth \$76m, a

sbares in Budvar by Anheuser-Busch. With other benefits to Budvar's owners. including higher taxes from increased hop prices. the offer was valued at \$232m.

Mr Boček said the offer was unacceptable to Budvar and the government. "1 believe that decision was rational and based on pragmatic considerations. Budvar is capable of developing itself without bacoming a vassal [of Anheuser-Busch]," he said. Mr Jack Purnell, chairman

their rejection of overtures down-payment of \$20m, and and chief executive of by their powerful US oppo- a further \$20m as a deposit Anheuser-Busch interna- the world.

stantial but very complex, and had many components "The offer cannot be represented with a single figure -

any such number could be

very misleading." Bndvar and Anheuser-Busch have long been trying to settle the trademark dispute, stemming from agreements of 1911 and 1989 which allowed the Czech company to sell its beer using the Budweiser name in most of pany taking in the rest of

ended in September. Anheuser-Busch accused Budvar and the government of not offering "a credible, substantive counter-proposal in the last five years". Instead, both companies will now face each other in court in those European markets where one or the other does

not have full access. Mr Boček admitted that continued legal action would he expensive. Budyar has suffered recent

court setbacks in Ireland. Europe, with the US com- Portugal and Sweden, but has claimed victory in other

Strong-arm tactics lift Gulf's credibility Canadian group has industry respect – although few friends at Clyde Petroleum

Call to warn Clyde Colorado.
Petroleum of its Surprise imminent takeover bid did not go down well. "It came a bit late in the day," snaps Mr Malcolm Gourlay, the target's chairman. He was not bothered with an informal approach. Mr Gourlay's immediate

response, and subsequent rejection to Gulfe £432m (\$722,5m) offer, left Mr J.P. Bryan. Gulf president and chief executive. completely unfazed. "I didn't see any good reason to approach them," be says. Clyde refused Mr Bryan's request to meet yesterday.

The ability to surprise has an's career since he took over at Gulf in January 1995. cent of Gulf's 1,200-strong Canadian workforce. He unset many more Calgary

ulf Canada's 7am across the border to Denver, mann family, which colleged in 1992.

Surprise has also been the reaction of the oilmen who luncb at the Ranchmen's Club in Calgary. They have marvelled at Mr Bryan'e success in turning Gulf from a disappointed that Gulf had corporate basket case into an aggressive competitor with a growing presence on the international energy

group of Houston-based investors, Torch Energy Advisers, bought a 25 per cent stake two years ago. The company had racked up four consecutive years of losses totalling C\$420m (US\$307m), and dabt had been a hallmark of the soared. Both common and tough, blunt-speaking Tex- preferred dividends were suspended.

DIVIDEND NOTICE

TO THE HOLDERS OF

EUROPEAN DEPOSITARY RECEIPTS FOR

COMMON STOCK OF TOSHIBA CORPORATION

(FORMERLY TOKYO SHIBAURA ELECTRIC COMPANY) **DESIGNATED COUPON NO. 104**

(ACTION REQUIRED ON OR PRIOR TO APRIL 30, 1997)**

The Chase Manhattan Bunk (Formerly known as Chemical Bank), as Depositary (The "Depositary") under the Deposit Agreement dated as of February 15th 1970 among Tokyo Shibaura Electric Company Limited (the "Company"), the Depositary and the holders of European Depositary Receipts (the "Beceipts") issued thereunder in respect of shares of Common Stock, par value 50 Year per share, of the Company (the "Common Stock"), HEREBY GIVES NOTICE of a dividend of 5 Year per share of Common Stock.

The Depositary has been advised by the Company that Japan is a party to international agreements with Australia, Bargiadesh, Belgium, Bulgaria, Canada, CiS, Caechoelovalda, Demuari, Finland, France, The Federal Republic of Germany, Holland, India, Indianesia, Italy, Lucembourg, Malaya, New Zeeland, Norway, Singapore, Spain, Sweden, Switzerland, the United Arab Republic, the United Ringdom and the United States of America under which certain persons are entitled to 10% tax withholding rate on dividends such as the dividend in question. The persons so estitled include residents of such countries and companies organised thereunder meeting certain conditions relating to the carrying on of trade or business in Japan. Pensons not so estitled to a 15% azz withholding will be paid a dividend on which a 20% tax withholding rate has been applied.**

To determine entitlement to the lesser are withholding rate of 15% it in necessary that the surrender of Coupon No. 104 to accompanied by a properly completed and signed certificate (copies of the foun which are obtainables at the office of the Depositary in London or any Depositary in a to the residency and trade or business activities in Japon (if upplicable) of the holder of Coupon No. 104. Such certificates may be forwarded by the Depositary to the Company upon its request.

Payment in United States Dollars of the amount of the dividend payable will be made at the office of the Depositary in London or at the office of any Depositary's Agent insted below upon surrender of Coupon No. 104.

DEPOSITART'S AGENTS

(less 15% Japa

\$1.88 \$18.81

\$37.61

604_03 \$188.05

Payment in United States Dollars in respect of Coupon No. 104 will be made by United States Dollar check drawn on, or transfer to a United States Dollar account maintained by the payer with a bank in New York City.

Date: December 20, 1996

The Chase Manhattan Bank, as Depositary, 125 London Wall, London ECZY 5AJ, England.

* September 30, 1996 has been established as the record date for the determination of the stockholders of Company entitled to such dividend. All Receipts issued in respect of Common Stock not emitted to share in a dividend will be without Coupon No. 104 attached.

** Certain holders of Receipts may be entitled upon the fulfilment of certain conditions to reductions in the with-holding tax rate applicable to them. The Depositary will, if is its discretion not unduly hurderstons and upon pay-ment of all expenses incurred in connection therewith, take such action as it deem appropriate in the circum-stances to assist such holders in availing themselves of such reductions.

Because of Japanese tax requirements applicable to the Company, the Custodian has been saked to remit to the Company, shortly after 30 April 1867 the excess received by the Custodian over 50% of the dividend payable and allocable to unsurrendered Coupon No. 104.

ancesses to transference coupon not not.

As a result, persone surrendering Coupon No. 104 after such date will be entitled to receive from the Depositary or any Depositary's Agent a dividend on which a 20% tax withholding rate has been applied and, if entitled to a 10% tax withholding rate has been applied and, if entitled to a 10% tax withholding will be required (in order to realise such entitlement) to make publication to the Company for an additional 5% Such application may, consistently with the foregoing paragraph, be made through the

↑ CHASE

The Chase Manhattan Bank, As Depositary

NameAddress Chase Bank AG

The Bank of Tokyo Limited The Bank of Tokyo Limited

The Bunk of Tokyo Limited

The Bank of Tokyo Limited

Mees Plesson Banca Nazionale del Lavoro

Banca Nazionale del Lavoro

Kredicthank S. A. Luxe

The following table sets forth the amounts

1 Depository Share

10 Depositary Stores

50 Depositary Shares

100 Depositacy Shares

Coupon No. 104 Detached from Receipts in the Denomination of:

The Obvidend on the shares of Common Stock on record of Deposit with the Custodian under such Agreement, less a portion thereof withheld by the Company on account of Jupanete tuxes, has been recithe Custodian as agent for the Depositary, and, pursuant to the provisions of such Deposit Agreement, be converted into United States Delians at the rate of 13:00 Yes per United States Delians at the rate of 13:00 Yes per United States Delians at the rate of 13:00 Yes per United States Delians at the rate of 13:00 Yes per United States Delians at the rate of 13:00 Yes per United States Delians at the rate of 13:00 Yes per United States Delians at the rate of 13:00 Yes per United States Delians at the rate of 13:00 Yes per United States Delians at the rate of 13:00 Yes per United States Delians at the rate of 13:00 Yes per United States Delians at the rate of 13:00 Yes per United States Delians at the rate of 13:00 Yes per United States Delians at the rate of 13:00 Yes per United States Delians at the rate of 13:00 Yes per United States Delians at the rate of 13:00 Yes per United States Delians at the rate of 13:00 Yes per United States Delians at the rate of 13:00 Yes per United States Delians at the rate of 13:00 Yes per United States Delians at the rate of 13:00 Yes per United States States Delians at the rate of 13:00 Yes per United States States Delians at the rate of 13:00 Yes per United States St

brought almost immediate due up to the end of 1996.

Gulf Canada was in deep trouble when Mr Bryan's Preferred dividends were of the takeover.

The then controlling is a favourite expression in Within 45 days of taking the shareholders, a group of Gulf's financial statements C\$292m last year and is helm, be had chopped 40 per international banks, were to describe its expanding expected to have increased unlikely to take any bold or drilling programme. imaginative action. Their "They've proved shares had been collateral selves to a lot of doubters." residents this autumn with a for loans to Olympia & York, says Mr Craig Langpap, ana-

The Texan investors

financial relief. Torch injected C\$300m in new equity at the time of the takeover, which was used to repay all debt obligations Another C\$134m in new equity has been raised since

Torch's stake to 17 per cent. restarted within two months he cash has helped Torch bump up capital spending to more

then, helping to reduce

than C\$500m in the first year of its stewardship, from C\$270m in 1994. The outlay has funded some very successful exploration. "Big hit"

"They've proved them-

reflected in Gulf's shares, up from C\$3.70 soon after Mr Bryan joined to C\$9.30 yesterday, valuing the group at about C\$2.2bn. "This is an appropriate

time in Gulf'a history fto buy Clydel," says Mr Bryan. "A year ago we could not have financed this transaction. Wa did not have the credibility in the financial markets." the UK's group drilling record. The bid reflected a desire to pay for the "steak" sector. Cashflow multiples of Clyde's cash flow and not are the most commonly used the "sizzle" of potential exploratory success, he said.

The expansion strategy is not without risks. The acquisition of Clyda, if it goes through, would push up debt from C\$1.2bn to C\$2.2bn. The group reported cash flow of this to C\$430m in 1996.

Interest cover, now four times operating profits, will fall to a multiple of three plan to move the group's the property group con-remaining senior executives trolled by Toronto's Reich-gary securities firm special-group aims to bring the debt

Current Oil Price

Reference Oil Price

Current Oil Revenues

Excess Price Revenues

ising in the oil and gas sec- back to its current level by tor. That success has been next year by raising up to C\$200m through issuing equity; selling some western Canadian assets for about \$300m; and taking Asamera, a wholly-owned Indonesian subsidiary, public, in a move Gulf expects to raise \$540m.

Shares in Clyde fell 2p yesterday to 116%p, against the 105p offer price. Analysts remained divided about the deal's value. NatWest Mar-Mr Bryan was critical of kets said a cash flow multiple of six times was higher than other recent bids in the valuation method-in the sector because of the number of

companies without earnings. If the strategy works, Guif's debt could be back to pre-Clyde levels by the end of 1997 and Mr Bryan will again be hailed for his boldlars at the Ranchmen's Club may have even more to talk

Bernard Simon

17.2827

2,205,324,689

By: Citibank, N.A.

as Fiscal Agent

71,826,313

FIDELITY FRONTIER FUND Société d'Investissement à Capital Variable Kansallis House - Place de l'Etoile L-1021 Luxembourg R.C. No B 20494

international companies@fl.com

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is bereby given that the Annual General Meeting of the Shareholders of Fidelity Frontier Fund, a société d'investissement à capital variable organised under the laws of the Grand Duchy of Luxembourg (the "Fund"), will be held at the registered office of the Fund, Kansallis House, Place de l'Étoile, Luxembourg, at 11.00 am on December 27, 1996, specifically, but without limitation, for the following purposes:

1. Presentation of the Report of the Board of Directors. 2. Presentation of the Report of the Auditor.

3. Approval of the balance sheet and income statement for the fiscal year ended August 4. Discharge of the Board of Directors and the Auditor.

Figure 1. Directors, specifically the re-election of Messrs. Edward C. Johnson 3d, Barry R.J. Bateman, Charles T.M. Collis, Charles A. Fraser, Jean Hamilius and H.F. van den Hoven, being all of the present Directors.

6. Election of the Auditor, specifically the election of Coopers & Lybrand.

Luxembourg.

7. Declaration of a cash dividend in respect of the fiscal year August 31, 1996.

8. Consideration of such other business as may properly come before the Meeting.

Approval of items 1 through 8 of the agenda will require the affirmative vote of a majority of the shares present or represented at the meeting with no minimum number of shares present or respresented in order for a quorum to be present.

Subject to the limitations imposed by the Articles of Incorporation of the Fund with regard to ownership of shares which constitute in the aggregate more than three percent (3%) of the outstanding shares, each share is entitled to one vote. A shareholder may act at any meeting by proxy.

Dated: November 28, 1996 By Order of the Board of Directors



NOTICE TO HOLDERS OF £550,000,000 BONDS QUE 2006 (the "Bonds")

NOTICE

The United Mexican States

Value Recovery Rights, Series A

Agreement dated as of March 28, 1990 (the "Agreement") under which the above Rights were issued that the Fiscal Agent

has received a Calculation Report for the Payment Date occur-ring on December 31, 1996 from the International Monetary

Fund, as Calculation Agent for the Rights under the Agreement, setting forth the following amounts:

Based upon the Calculation Report the Piscal Agent has calcu-

Value Recovery Payment US\$ 0.000216933311920099 Carryforward Amount US\$ 0.000216933311920099

lated for said Payment Date the following amount

USS

USS

US\$

NOTICE IS HEREBY GIVEN pursuant to the Fiscal Agency

RESULT OF MEETING

December 20, 1996

At the Meeting of holders of the Bonds held on December 18, 1996 pursuant to the Notice of Meeting published on November 23, 1936, the resolution to approve the repayment of the Bonde on December 20, 1896 was duly passed as an Extraordinary

in accordance with the terms of the Extraordinary Resolution. the redemption price has been calculated as 110,6056 per cent. plus accrued interest to December 20, 1996. December 20, 1998

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BIRMINGHAM MIDSHIRES **BUILDING SOCIETY** (200,000,000 Floating Rate Notes due 2000

For the three months from 19th December 1996 to 18th March 1997 inclusive the Notes will carry an interest rate of 6.5% per The interest amount payable per (10,000 will be £160.27, on 19th

March 1997.

BARTLAYS BANK PLC BOSS DEPOSITORS SERVICES

ANGEL COURT THROGMORTON STREET LONDON ECTRANT BARCLAYS

CREDIT LYONNAIS USD 500,000,000.-FRN undated Bondholders are berely

aformed that the rate for the Coupon N° 22 has been fixed at 6.425 %, for the period starting on 19.12.1996 until 18.03.1997 includes (representing a period of 70 days).

The coupon will be payable on 17.03.1997 at a price of USD 165.63 The Principal Paying Ages

CREDIT LYONNAIS

Istituto Bancario San Paolo di Torino S.p.A. London Branch

US\$ 150,000,000 Floating Rate Depositary Receipts due 1997

In accordance with the Conditions of the Receipts, notice is hereby given that for the Interest Period from December 20, 1996 to June 20, 1997, the Notes will carry an Interest Rate of 5.875 % per annum.

The Coupon Amount payable on the relevent interest Payment Date, June 20, 1997 will be US\$ 1,493.23 per Receipt relating to a Deposit of US\$ 50,000 and US\$ 7,466.15 per Resting to a Deposit The Agent Sank of US\$ 250,000.

Kredietbank

Telél

Repres

ABN AR

Othering

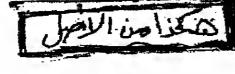
Represe

Caspian

Lehman SBC Work CS First

Bear, Stoern Dresdner Kie

Sulamon Bru



London, England

Frankfurt, Germany

\$1.77

\$17.70

\$35.40

Paris, France

Rome, Italy

Milan, Italy

Opponhetm

waits state

December 1996

Compañía Anónima Nacional Teléfonos de Venezuela (CANTV)

USD 1,143,757,143 Global Offering

Joint Global Coordinators

SBC Warburg

Lehman Brothers

International Offering

15,720,000 American Depositary Shares Representing 110,040,000 Class D Shares

Lehman Brothers

ABN AMRO Rothschild Caspian Securities Limited **CS First Boston**

BBV Latinvest

J.P. Morgan Securities Ltd.

US Offering

23,580,000 American Depositary Shares Representing 165,060,000 Class D Shares

Lehman Brothers

SBC Warburg Inc.

CS First Boston

Bear, Stearns & Co. Inc.

Dresdner Kleinwort Benson North America LLC

Salomon Brothers Inc

Oppenheimer & Co., Inc.

ABN AMRO Securities (USA) Inc.

Caspian Securities Inc.

Paribas Capital Markets

J.P. Morgan & Co.

Donaldson, Lufkin & Jenrette Securities Corporation

BT Securities Corporation

Goldman, Sachs & Co.

PaineWebber Incorporated

Smith Barney Inc.

Arnhold and S. Bleichroeder, Inc.

Fahnestock & Co. Inc.

RBC Dominion Securities Corporation

Citicorp Securities, Inc.

Merrill Lynch & Co.

Prudential Securities incorporated

BBV Latinvest

Robert Fleming Inc.

Santander Investment

Venezuelan Offering

73,000,000 Class D Shares

Merinvest

Valores Santander



InWear Group A/S

Sale of 4,000,000 shares and listing on the Copenhagen Stock Exchange

> Offer price DKK 220 per share

Den Danske Bank

Alfred Berg

ING Barings

Jyske Bank

November 1996

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED

(Incorporated in the Republic of South Africa)
Registration No. 01/05300006

NOTICE TO HOLDERS OF ORDINARY SHARE WARRANTS TO BEARER - PAYMENT OF COUPON NO. 128

I. Coupon No: 128

2. Date of payment: On or after 10 January 1997

3. Amount: 160 cents per share (South African currency) 4. UK income tax (where applicable); 20% or 32 cents per share

20.61776p per share

4.12355p per share UK Tax: 16.49421p per share

Crédit de Noc 6-8 Boulevard 75009 Paris

Swiss Bank Co

avenue Marniz 24

Bahnhofstrasse 4 CH-8021 Zurich

50 Avenue JF Kennedy

mmeuble L'Ind

the Republic of South Africa nominated by the continental paying agent Instructions regarding disposal of the payment proceeds can be given only to such authorised dealer by the paying agent concerned.

ii) Coupons paid by Royal Bank of Scotland plc will, unless payment in South African currency is requested, be in the sterling equivalent shown in 5 above in respect of coupons lodged up to 3 January 1997 and thereafter at

For and on behalf of ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED

London Secretary 이이다

London Office: 19 Charterhouse Steet London ECIN 6QP

Who Owns What in World Banking

Banking in the EU & Switzerland

Banking and Finance in India

Banking in the Far East

Banking in the Middle East

20 December 1996

FINANCIAL TIMES

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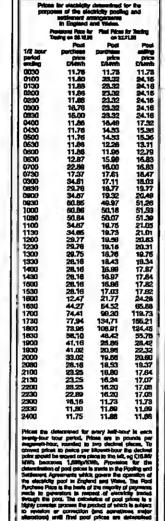
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COMPANIES AND FINANCE: INTERNATIONAL

Samsung shake-up pleases investors

By John Burton

in Secul

of Samsung Shares Electronics, the world's biggest producer of memory chips, yesterday rose 7.2 per cent to Won49,600, after the company's president was replaced in its biggest ever management reshuffle.

Mr Kim Kwang-ho, who has been president of South Korea's largest industrial group since 1992, had been blamed by analysts for the 58 per cent fall in the share price of Samsung Electronics this year.

He was criticised for overastimating mamory chip the group's main cash cow. president will be Mr Yun gins than memory chips. But

tributed to a global production glut.

The share price fell after a sudden 80 per cent plunge in the global price for computer memory chips. Profits have also been hurt by the acquisition last year of AST Research, the US personal computer maker, which has recorded growing losses.

Mr Kim had been regarded as perhaps the most important executive at Samsung after group chairman Mr Lee Kun-hee. He oversaw rapid profit growth at Samsung Electronics, which became

Fiat in South America

to \$300m this year.

Mr Kim now has a less powerful position heading Samsung's operations in North America. His main task will be to revive AST Research, while supervising Samsung's new chip plant in Texas and its consumer electronics factory in Mexico.

Samsung said Mr Kim's transfer to the US was part of a new policy to relocate senior managers to overseas posts in an attempt to expand rapidly the group's international activities.

Samsung Electronics' new

who was previously president of Samsung Display Devices and Samsung Electro-Mechanics.

Acknowledging that Samsung Electronics had become too dependent on the highlycyclical memory chip sector, Mr Chin Dae-je, Samsung Electronics .vice-president, ing non-memory semicon-

iry, enjoy a more stable market and higher profit mar-

demand by investing heavily Net profits reached \$3bn in Jong-yong, who heads Sam only an estimated 10 to 15 in new plants that have con- 1995, but are expected to fall sung's office in Japan and per cent of Samsung Electronics' semiconductor sales come from non-memory

unches

were replaced in a reshuffle that Samsung described as the biggest in its history. Younger executives were appointed to head Samsung subsidiaries, while their predecessors were transferred to regional centres abroad.

Mr Lee Pil-gon, head of the Samsung Corporation, the group's trading house, is to supervise activities in China, one of Samsung's biggest for-

Fiat picks up speed in South America

New plant in Argentina highlights region's importance to the Italian carmaker

Carlos Menem of Argentina opens Fiat'a new \$600m car plant in Cordoba today, he will lay another milestone in the breathtaking revival of South America'e motor industry in the 1990s.

In the past month, General Motors and Volkswagen's upmarket Audi snbsidiary have announced big spending plans for new factories in Brazil. In Argentina, Chrysler is investing heavily in a plant in Cordoba for

For Fiat, the Argentine factory is part of a campaign to lift sales in one of the few regions of the world where demand for cars is growing rapidly.

ist period in Argentina from the mid-1950s to the mid-1970s," says Mr Vincenzo Barello, chairman of Fiat Argentina, "In those years, it invested heavily and was even the biggest employer in the country at one stage. From the mid-1970s, how-

ever, the company went into tina coincided roughly with the company's push into Brazil, where Fiat built a new car plant at Betim, near the industrial city of Belo Horizonte, in 1976.

Gradually, the Brazilian operation eclipsed Argentina. By the early 1980s, Fiat had sold its Argentine car business to the local Macri family, which already made cars for Peugeot, while its once dominant market share had dropped to just 10 per Brazil would be the dominant operation and the focus Mr Razelli predicts the Palio of Fiat's future spending.

bloc that includes Uruguay of the Brazilian market from

Total 1,372,424

boosted economic recovery in the region. As a result of the free

trade area, Fiat's activities in Brazil and Argentina are now closely intertwined. explains Mr Giovanni Razelli, head of Fiat's Brazilian-based South American operations.

The second factor was the Pallo, Flat's new "world car', developed as a rugged but stylish compact vehicle for rapidly industrialising

Since going on sale in Brazil in April – its first market - the Palio has accelerated into second place in the instability, it was clear that VW's Gol. Sales topped 100,000 units by October, and will become number one by Two things revised that the second half of next year. scenario. First was Merco- The vehicle has already sur, the four-country trade helped to raise Fiat's share

and Paraguay, which has 12 per cent in 1989 to 26 per cent in 1995. Fiat has spent about \$1bn

> Betim for the Palio. Output is now running at 2,000 units a day - compared with 800 a day in 1992 - and should reach 2,200 next year. Palio production, which accounts for the lion's share, is due to reach an annualised rate of 350,000 units, including kits for assembly elsewhere. ...

he Argentine plant marks the second step in the Palio project. While Betim builds three and five-door versions - as well as a recently-introduced saloons a year, eventually between up-market model.

The Palio/Siena is central to internationalising Fiat... The Brazilian and Argentine vehicles, to be supplemented with a pick-up and a van

later, will spearhead Fiat's

plan to lift sales in South The next stage will be to start production in Poland, where Fiat is already the biggest carmaker following its acquisition of the stateowned FSM group. Eventual. ly,the Palio will also be built or assembled in India, Vene-

zuela and Morocco: Assem-

bly in South Africa and Turare also on the horizon. will make 100,000 four-door intricate cross-supplies rising to 160,000 a year by operations to maximise econ-1998-99. The new Siena omies of scale. In South saloon will not share the America, for example, the

Palio'e name - an attempt to complex bilateral car trade position it as a bigger, more rules between Brazil and Argentina mean Fiat must

of cars and components to maximise potential tariff exemptions. "Brazil without Argentina doean't make sense," notes Mr Barello.

That means Flat Argen-tina will import Palio hatch-backs from Brazil and export saloons. As the flows are unlikely to be even, engines and gearboxes will partly. make up the difference. And exports from both countries to regions outside Mercosur will serve to exploit rules permitting low-tariff imports for carmakers which sell vehicles outsida the region. explains Mr Razelli.

He believes the Palio will raise Fiat's profits in South America, in spite of rising competition in the region as other manufacturers raise output and bring in the latest-generation models, rather than the "hand-medowns" of the past,

High profits from South America have been particularly important to Fiat in the past, as they have helped the group get through lean periods in Europe. However, Mr Razelli says the quality of Fiat's South American earnings has also improved in

Profits in Brazil this year will be less than the record of about \$500m, made when inflation was still raging in 1994. However, .about \$300m of that total came from financial operations, rather than the core business of

key should follow, while quarters of this year's fore-China, Egypt and Vietnam cast profits of about \$400m company forecasts. If the assembly Argentine-built Siena proves as popular as the Palio in Brazil, it should help to lift both profits and Fiat's mar-

. Haig Simonian

When the

Go-ahead for WMC fertiliser project

By Nikki Talt in Sydney

WMC, the Australian mining based MIM Holdings - will group, yesterday gave the go-ahead to a new A\$650m (US\$515m) fertiliser project at Phosphate Hill, close to Mount Isa in northern Queensland.

in 1999. Once fully operational, the mine and mannfacturing facility will produce around 1m tonnes a year of high analysis fertilisers, both diammonium phosphate and monoammonium

As an important part of iser project follows a long

owned and run by Brisbanesupply sulphur dioxide gas to the plant. This will be converted into sulphuric acid, to be used in manufacturing the fertilisers.

MIM will make the gases Production is due to start available; supply a suitable site for the acid plant; fund A\$25.7m of equipment for gas-cleaning at Mount Isa; and spend an additional A\$50m on upgrading the smelter's gas collection

The go-ahead for the fertil-

the project, the Mount Isa search by WMC for ways of on the Queensland coast. copper smelter - which is developing its large phosdeveloping its large phos-phate resource at Phosphate 2bn tonnes of phosphate rock. Earlier this year, the mining group began studying the costs of a 1m tonne a year high analysis fertiliser

> The A\$650m capital expenditure will go on upgrading existing mine facilities at Phosphate Hill; building the eulphuric acid plant; constructing ammonia, phosphoric acid and granulation plants; and building and upgrading storage and shipping facilities at Townsville,

created during the two-year there will be 250 ongoing

About half the plant's output is likely to be sold domestically, largely replacing imported fertilisers.

The fertiliser project is the latest in a series of capital projects announced by WMC this year, including a A\$157m gold processing plant at St Ives in Western Australia, and the A\$1.25bn expansium of its Olympic Dam copper-uranium mine in South Australia.

About 1,860 jobs will be in the processing of shedding its petroleum division. Hill, which contains about construction phase, and It has also said that the fertiliser project will be funded from existing cashflow and debt arrangements.

· Normandy Mining, the Australian gold mining group headed by Mr Robert Champion de Crespigny, said yesterday it had won acceptances for about three-quarters of the shares of North Flinders Mines, a smaller mining group. That leaves it well short of the 90 per cent level at which it could compulsorily buy out the minority holders.

THE STARS PROGRAMME STARS 1 PLC 9475 000 000 Class A Floating Rate Mortance Backed Securities 2029 of amount outstanding for each note is £5,696.00. er 20, 1996, London y: Calbourk, N.A. (Corporate Agency & Trust), Agent Bank CITIBANCO

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Notice is hereby given that the rate of interest for the period from 20 December 1996 to 20 March 1997 has been fixed at 6,20703 per cent per annum. The coupon amounts due for this period are USD 15.52 per denomination of USO 1,000, USD 155.12 per denomination of USD 10.000 and USD 1551.76 per denomination of USO 100.000 and are payable on the interest paymen

The Fiscal Agent

AKTIEBOLAGET SPINTAB (SWEDMORTGAGE) Subordinated Floating/Variable Rate Notes due 2002 0.73359% interest Rate

YEN 15,000,000,000

December 19, 1996 March 19, 1997 Interest Amount due on March 19, 1997 per YEN 100,000,000 YEN 163,398 Banque Générale du Luxembourg

Agent Bank

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NOTICE IS HEREBY GIVEN that, with effect from 30th December, 1996, S.G. Warburg & Co. Ltd. will resign as Fiscal Agent, Paying Agent, Replacement Agent, Authentication Agent and Exchange Agent ("Agent") where applicable on the following insecting the company, INCORPORATED (SOLDOLOUS 3M per cent. Books 1993) EYUSHU ELECTRIC POWER COMPANY, INCORPORATED £150,000,000 8 per cost, Notes 199

THE KANSAI ELECTRIC POWER COMPANY, INCORPORATED #300,000,000 7 L/S per cent. Notes 1998 With effect from 31st Documber, 1996 all holders of Cospens and Bodds/Notes of the above-mentioned issues should note that the new Agent will better the new Agent will better the following the Beach of Japans, Hanked Beaches House, 1 Priday Stoot, London EC414 9JA

The Financial Times plans to publish a Survey on on Tuesday, Februrary 18 Located between the Caribbean and South America,

Trinidad reflects the history and the culture of the region, There are few stronger Indicators of Trinidad and Tobago'e growing national confidence than its decision, backed by the government and the opposition, to seek membership of the North American Free Trade Agreement (Nafta). Buoyed by its expanding economy, Trinidad and Tobago believes it can make this quantum leap in its economy and its image. The survey will look at the country's economy, politics, foreign policy, banking, oil and gas and more.

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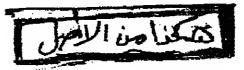
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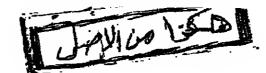
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INTERNATIONAL COMPANIES AND FINANCE

Launches to hold back GM earnings

By Richard Waters

is finding its most important vehicle launches for some years to be slower and more costly than had generally been expected, it emerged yesterday.

The company also indicated that

new investments in overseas markets will bold back its earnings for the final three months of this year. The poorer outlook on both domestic and international fronts sent shares in the US's biggest auto-

maker \$% lower yesterday morning. to \$53%, extending their \$1% loss of the day before. Wall Street has been watching

General Motors has told analysts it market share. The company privately to a number of industry accounted for 31.6 per cent of new vehicles sold in the first 10 months of this year, two percentage points lower than in 1998.

GM'a relative weakness in light trucks like sport utilities, pick-up trucks and minivans, the hottest part of the new vehicle market, in part explains its diminished market

The company has also suffered from a lack of exciting new models, customers to rivals, in particular

GM's new vehicle izunches for signs that it will build up sales of new of whether the group can halt and models slowly, to avoid quality probthen begin to reverse the slide in its lems. On Wednesday, it indicated analysis that the costs of this process, along with the after-effects of a strike in the third quarter, would hold down its earnings for the fourth

> This matches the experience of Ford a year ago and Chrysler in early 1995, when each of those companies went through important new model launches. In both cases, tha costs proved heavier than Wall Street had expected.

GM told analysts its international profits would be held back by the The company has said recently costs of building its operations in

countries such as China, Argentina and Poland, said Mr David Garrity, an analyst at Smith Barney.

It also said that an unfavourable sales mix, with a high proportion of sales being less profitable vehicles, would hurt earnings in Latin America and Europe.

Mr Garrity, who yesterday lowered his estimate for GM's fourth quarter operating earnings from 57 cents to 45 cents a share, said the news did not dent his confidence in GM's longer term prospects. The company, which is generating substantial amounts of cash, will benefit from its new line-up of more profitable vehicles, and from greater sales in

American offers KLM role in BA alliance

By Gordon Cramb

The clearest signal vet that British Airways and American Airlines may be seeking to include other carriers in their controversial transatlantic alliance came yesterday when Mr Boh Crandall, American chairman, was quoted as offering an invitation to KLM of the Netherlands to join forces with tha two.

De Telegraaf, the mass selling Dutch daily, reported Mr Crandall as saying in a New York interview: "We -American Airlines and British Airways too - would really applaud an alliance with KLM. We have let KLM president [Mr Pieterl Bouw know precisely that. We have, moreover, said to him that the initiative for that now lies with KLM."

KLM official last night there were no talks in progress, and it could not "philosophise on possibilities".

The Dutch airline has for the last seven years had a tie-up with the rival Northwest Airlines, which, although operationally successful, has been fraught with difficulties over control, KLM, with an economic interest of 25 per cent in Northwest, has bad its voting rights capped at 19 per cent through a poison pill defence against take-

over.
"These problems, which KLM alone can evaluate, must first be solved," Mr Crandall said in the interview. This week BA said it intended to sell its nearly 25 per cent stake in USAir, another carrier, following a failed alliance.

"That will in any event make the alliance between British Airways and American Airlines easier." Mr Crandall said.

KLM, which is engaged in a cost-cutting programme to restore slipping profitability, bas acknowledged it needs more partnerships, though particularly within Europe where its route netNWES DIGEST

Bank intensifies battle for Izvestia

The battla for control of Izvestia, Russia's only big independent newspaper, heated up this week after a commercial bank launched an aggressive campaign to buy its shares. Mezhprombank, which already owns 15 per cent of the newspaper'a stock, has been wooing current and retired Izvestia employees, who own some 31 per cent. Lukoil, Russia's leading oil company, last month bought 20 per cent of the newspaper through a Lukoil pension fund. However, Izvestia subsidiaries and its employees retained a combined 51 per cent stake, and the oil company said it was not seeking a controlling interest Mr Igor Golumbievsky, the editor of Izvestia, said the newspaper's management, which had already bought 20 per cent of the stock through Izvestia subsidiaries, was trying to block Mezhprombank by itself offering to buy

GE to lift payout 13%

General Electric was yesterday upbeat about the second half of the 1990s, announcing a 13 per cent increase in its dividend and an extension of its share huy-back programme to the end of 1998. Those moves, and a two-for-one stock split, "demonstrate our confidence in both the short and long-term confidence in our company said Mr Jack Welch, chairman.

The dividend increase, which takes the quarterly payout from 46 cents to 52 cents, echoes the level of increases in recent years, and is intended to match earnings growth, Mr Welch indicated. GE said its board had authorised an increase in its share buy-back programme, giving it room to repurchase up to \$6.7bn of its stock before the end of 1998. The company has already spent \$6.3bn on stock repurchases over the past two rears. Yesterday's announcement prompted a rise of \$2% in GE's shares, to \$101%, adding nearly \$5bn to its stock market value. Moody's investors Service, the US rating agency, confirmed its triple-A debt rating for the Richard Waters, New York

Stockholm SE merger closer

The Stockholm Stock Exchange and OM Group, the Swedish derivatives exchange operator and the bourse'a biggest shareholder, appeared yesterday to be close to agreeing a merger. They said talks on deepening co-operation, launched several weeks ago, had "convinced the boards of directors and managements of the companies that the advantages of a merger would be

ITI Holdings placement

ITI Holdings, a Luxembourg-registered media-to-food group, has become Poland's first private company to raise new capital through an international private placement. Next month, ITI is also set to become the first Polish company to float its shares in Luxembourg. This week's placement was worth \$35m. Christopher Bobinski, Warsaw

Fandem Computers sale

Tandem Computers of California has agreed in principle to sell wholly-owned UB Networks, a pioneer in networking equipment, to Newbridge Networks, the Ottawa-based supplier of high-speed telecoms switching components. Newbridge will initially pay about US\$100m. Bernard Simon and Louise Kehoe

Ski resort consolidation snowballs This week's Intrawest deal

reflects a developing trend

rasort · operators have more on their minds this winter than snow conditions and ticket sales

A blizzard of mergers, takeovers and the scrutiny that comes with them is sweeping across slopes from Colorado and British Columhia to Quebec and Vermont.

The deals are transforming the ski industry from a patchwork of mostly familyowned businesses to sizeable corporate empires. While lift tickets, food and equipment rentals remain a crucial part of the business, the buzzwords now are real-estate development, resort management and intarnational

This trend was evident this week when Vancouverbased Intrawest paid C\$260m (US\$190.2m) in cash and shares to families that own two of the continent's bestknown ski areas - Whistler Mountain in British Columbia and Copper Mountain in the US Rocky Mountains.

The deal will give Intrawest, already the biggest operator, control of eight resorts across the continent, attracting about 4.6m visitors a year and employing

rivals, in: awaiting the out ment.

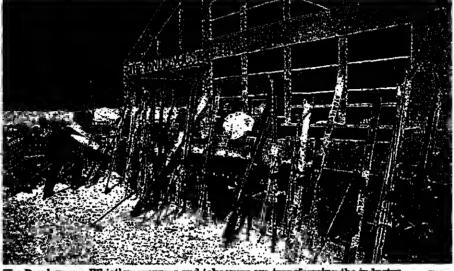
orth America's ski come of a US Justice Department probe into its proposed US\$800m acquisition of three Colorado resorts formerly ownad by Ralcorp, the St Louis-based careala and pet food maker.

That deal would give Vail, a private company whose sharaholders includa Mr Leon Black, the Wall Street financier, an estimated 43 per cent of Colorado's ski market, including control of the three busiest resorts. The antitrust investigation

has stalled Vail's plans for a public share offering on the New York Stock Exchange. A third big group, American Skiing Corporation. emerged earlier this year from the marriage of two ski operators in Maine and Ver-

mont. American Skiing now owns eight resorts in the eastern US. The recent consolidation is part of a trend that has seen the number of ski areas in North America shrink from about 1,200 in the early 1980s

to roughly 500. Mr Kevin Eldridge, analyst at Salman Partners, a Vancouver-based · institutional research firm, says small hills find it increasingly difficult to compete against the resorts, which offer not only skiing but Meanwhile, Vail Resorts, shopping plazas, entertain-one of Intrawest's main ment and housing develop-



The Rendezvous. Whistler: mergers and takeovers are transforming the industry

"It's a synergistic ball that trates the potential econo- deals, Intrawest axid it keeps rolling." Mr Eldridge

Intrawest's goal is to create a ski resort brand name along the lines of Club Med in beach resorts, or Carnival Cruises in cruise ships. "We have eight or nine products to sell," says Mr Dan Jarvis, chief financial officer.

The hope is that skiers who have visited one Intrawest resort will be tempted to return to others, with encouragement from such marketing tools as an annual "mountain planner brochure", along the lines of a tour operator's

The Whistler deal illus-

mies of scale. Intrawest already owns the Blackcomb resort, adjoining Whistler, While Blackcomb has almost exhausted the land available for condominium and other housing development, Whistler has paid little attention to the real estate around its ski runs, Mr Jarvis estimates the deal will add 10 years of development potential.

According to Mr Charles Young, Whistler chief executive and former joint owner: "The assets of Whistler Mountain, combined with the resort development expertise and marketing network of Intrawest, will make a stronger future for both."

As part of this week's

improve Whistler's facilities. It plans to spend C\$495m at Copper Mountain over the next 10 years, mostly on housing, shops and new lifts. Intrawest'a property sales more than doubled to

would invest C\$35m to

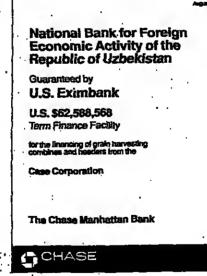
C\$111m in the year to June 30, contributing 39 per cent of total revenues from continuing operations of C\$283m. Earnings climbed 60 per cent to C\$18.8m.

Investors appear to approve of the direction the ski business is moving. Intrawest shares soared to a record C\$21 in early trading in Toronto yesterday.

Bernard Simon work is thin.

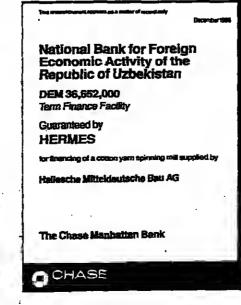
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PUBLIC NOTICES

Open General Licence Chemical Weapons Act 1996 Date of issue: I January 1997

This Licence is granted by the Secretary of State, in exercise of the powers conferred by section 20 of the Chemical Weapons Act. 1996 (c.6).

interpretation (I) In this Licence "Chemical" means any chemical referred to in the Schedule hereto

(2) The Schedule forms part of this Licence together with any subsequent Schedule(s) which the Secretary of State may issue as a variation to this Licence at a later date.

Subject to the terms set out below, this Licence authorises any person-

(a) to produce any Chemical with the Intention that it will be used for research, medical and/or pharmaceutical purposes and in a quantity which can be justified for such purposes; and (b) to have in his possession and use any Chemical for or with the intention that it will be used for research, medical, pharmaceutical and/or protective purposes and in a quantity which can be justified

(I) A person shall not produce Chemicals in an aggregate amount exceeding S grammes in any calendar year. (2) A person shall not use or have in his possession more than an aggregate amount of 5 grammes of Chemicals at any time.

Notification to the Secretary of State

(1) (a) a person shall immediately notify the Secretary of State if he has any Chemical in his possession at the date hereof and shall notify the Secretary of State within 14 days if he produces or otherwise acquires possession of any Chemical at any time hereafter. (b) a person who is required to notify the Secretary of State pursuant to sub-clause (1)(a) above shall

give particulars of his name and address; and

the location where he produced and/or has the Chemical in his possession. (c) the person shall notify the Secretary of State within 14 days after any change to any of the said

(d) where a person has notified the Secretary of State under sub-clause (1)(a) he shall notify the Secretary of State by 15th January in each subsequent year if he still has the Chemical in his possession on 1st January in that year,

(2) A person shall notify the Secretary of State at least 50 days in advance if he intends to import from or export to another Member State of the European Community either of the Chemicals numbered (7) and (8) In the Schedule. He must identify in the notice the Chemical, the quantity, the purpose(s) and the proposed date of the importation or exportation, and the name and address of the transferor or consignee or end user, as the case may be

(3) Any notice to be given by a person under this clause shall be in writing and shall be sent by post or delivered to the Chemical Weapons Authority, Kingsgate House, 66-74 Victoria Street, London SWIE

A person who produces, has in his possession, or uses a Chemical shall keep a written record for a period of 3 years of -

(a) its name, structural formula. Chemical Abstracts Service registry number (if any) and quantity: (b) the purpose(s) for which it was produced, in his possession; or used; and (c) the person from whom he acquired it and/or to whom he has transferred it (if any).

He must permit a person authorised by the Secretary of State to examine and take copies of such records

This Licence shall come into force on 1st january 1997.

for Trade and Industry.

(CAS registry number)

An Official of the Department of Trade and Industry authorised to act on behalf of the Secretary of State

(107-44-8)

(50782-69-90)

(63869-13-6)

(3563-36-8)

(63905-10-2)

(142868-93-7

142868-94-81

(63918-90-1)

(541-25-3)

(538-07-8)

(35523-89-8)

(9009-86-3)

(676-99-3)

(57856-11-8)

(1445-76-7)

(51-75-2)

(40334-69-8)

(40334-70-1)

O-Alkyi (< C101 incl. cycloalkyi) alkyi (Mc, Et, n-Pr or i-Pr)-phosphonofluoridates e.g. Sarin: O-Isopropyl methylphosphonofluoridate Soman: O-Pinacolyl methyphosphonofluorid O-Alkyl (<C10: incl. cycloalkyl) N,N-dfalkyl

(Me, Et, n-Pr or i-Pr phosphoramidocyanidates e.g. Tabum: O-Ethyl N.N-dimethyl

O-Alkyl (H or <CIO: incl. cycloalkyl) S-2-dialkyl (Me, Ec, n-Pr or I-Pr)-aminoethyl alkyl (Me, Et, n-Pr or I-Pr)-phosphonothiolates and corresponding alkylated or protonated salts e.g. VX: O-Erhyl S-2-dilsopropylaminoethyl methyl phosphonothlolate

Sulfur mustacds: 2-Chloroethylchloromethylsulfide

ustard gas: Bis (2-chloroethyl) sulfide Bls (2-chloroethylthio) methane Sesquimustard: 1,2-Bis (2-chloroethylthio) ethane 1,3-Bis (2-chloroethylthio)-n-propane 1,4-Bis (2-chloroethylthio)-n-butane 1.5-Bis (2-chloroethylthio)-n-pentane Bis (2-chloroethylthiomethyl) ether

Lewisites: Lewisite 1: 2-Chlorovinyklichloroarsine Lewisite 2: Bis (2-chlorovinyl) chloroarsine Lewisite 3: Tris (2-chlorovinyi) arsine

Nitrogen Mustards: HN1: Bis (2-chloroethyl) ethylamine HN2: Bis (2-chloroethyl) methylamine HN3: Tris (2-chloroethyl) amine

Alkyl (Me, Et, n-Pr or i-Pr) phosphonyldifluoria

O-Alkyl (H or <CIO: incl. cycloalkyl) O-2-dialityl Me. Et. n-Pr or i-Pr)-aminoethyl akivi (Me, Et, n-Pr or i-Pr) phosphonites and corresponding aldylated or protonated salts
e.g. QL: O-Ethyl O-2-disopropylaminoethyl

methylphosphonite

Chlorosarin: O-Isopropyl Chlorosoman: O-Pinacolyl

(7040-57-5) 1. In this Schedule the reference to the CAS registry is to the Chemical Abstract Service registry. This Schedule must be read subject to the following proposition, where reference is made to groups of dialitylated chemicals, followed by a list of alityl groups in parentheses, all chemicals possible by all possible

combinations of alkyl groups listed in the parentheses must be taken to be listed in the Schedule

FIDELITY ORIENT FUND Société d'Investissement à Capital Variable Kansallis House - Place de l'Etoile R.C. No B 19061

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Annual General Meeting of the Shareholders of Fidelity Orient Fund, a société d'investissement à capital variable organised under the laws of the Grand Duchy of Luxembourg (the "Fund"), will be held at the registered office of the Fund, Kansallis House, Place de l'Étoile, Luxembourg, at 11.00 am on December 31, 1996, specifically, but without limitation, for the following purposes:

. Presentation of the Report of the Board of Directors.

Presentation of the Report of the Auditor. 3. Approval of the balance sheet and income statement for the fiscal year ended August 31, 1996. Discharge of the Board of Directors and the Auditor.

Election of six (6) Directors, specifically the re-election of Messrs. Edward C.

Johnson 3d, Barry R.J. Bateman, Charles T.M. Collis, Charles A. Fraser, Jean Hamilius and H.F. van den Hoven, being all of the present Directors. 6. Election of the Auditor, specifically the election of Coopers & Lybrand,

Consideration of such other business as may properly come before the Meeting.

Approval of items 1 through 7 of the agenda will require the affirmative vote of a majority of the shares present or represented at the meeting with no minimum number of shares present or respresented in order for a quorum to be present.

Subject to the limitations imposed by the Articles of Incorporation of the Fund with regard to ownership of shares which constitute in the aggregate more than three percent (3%) of the outstanding shares, each share is entitled to one vote. A sharebolder may act at any meeting by proxy.

Dated: November 28, 1996 By Order of the Board of Directors

Investments

COMPANIES AND FINANCE: UK

CalEnergy bid looks set to succeed

By Simon Holberton and Jane Martinson

CalEnergy's £782m (\$1.3bn) hostile bid for Northern Electric closes today, with the US predator looking to he in the stronger position in a close-fought contest.

Most observers of the takefought to the last.

CalEnergy already owns nearly 30 per cent and has largest shareholder after Cal

shareholders, contacted by the FT vesterday, suggested it was assured of more than 40 per cent.

Northern has mounted a 30 per cent of shareholders seem set to stay loyal. Cal over battle - which closes at Energy's 650p a share offer 1 pm - believe CalEnergy has galvanised opposition will succeed. But it will be from some of its large share-

The Prudential, Northern's fund.

acceptances for another 4 Energy with 11.3 per cent. Standard Life, which owns 3 per cent. Backing from other said this week's agreed bid per cent of Northern, is for London Electricity had "nothing new whatsoever"

> group change its mind. Other large institutional investors supporting Northern include M&G, and Foreign Colonial, which manages Northern's pension

The stance adopted by etly confident of success. had backfired.

thought to be crucial to the "reinforced our belief that outcome. Mr Chris Foot CalEnergy's offer is too Wood, chairman of Northcheap". There had been ern's small shareholders association, said he expected vigorous defence and about from CalEnergy to make the CalEnergy's bid to be defeated. "I'm quite convinced the great majority of

American company."

taken over, least of all by an

Northern's advisers had bought a material amount of Northern shares today, but they haven't," said one adviser.

pproach

BZW added only 100,000 Northern shares, or 0.1 per cent, to the 2.3 per cent it small shareholders don't and Schroders bought on want Northern Electric to be Wednesday. CalEnergy "undesirable bld manipula-CalEnergy remained qui- tion" and claimed the tactic

Asda expands campaign against price fixing

Asda, Britain's fourth-largest supermarket chain, hopes to repeat its success in breakwith a series of campaigns on other products next year. Mr Archie Norman, chair-

consumers were paying £3.45bn. unreasonable prices for many products. There are areas still where people have inflated margins," he said. edged up 3p to 126%p. Asda Asda'a campaign against the achieved like-for-like sales price fixing of over-the growth of 10.2 per cent, well counter medicines prompted a review of the arrangement earlier this year.

The company also led opposition to price fixing on books through the net book

specify yesterday which bottom line", he said. products' prices it intended to cut.

Mr Norman's comments ing price-fixing arrange- came as the group ments on books and drugs announced a 15.8 per cent jump in pre-tax profits before exceptionala to £160.1m (\$267.4m) on sales man, said yesterday that ahead 13.5 per cent to

The performance came in at the top end of analysts' expectations and the shares growth of 10.2 per cent. well ahead of the industry average of 5-6 per cent. One analyst said that the group was performing well against its

But Mr Norman said the pace of comparable sales growth was likely to slow next year. "I do not expect to perform quite this strongly but I do believe we can still outperform the competi-

Asda's strong results were fuelled by an increase in market share from 10.1 to 10.6 per cent. Customer numbers also increased by 7 per cent to 6m a week.

Mr Norman, who yester-day succeeded Mr Patrick Gillam as chairman, said Asda intended to maintain its lower price proposition, even if rivals such as Tesco good figures of last year. It introduced further initiawas "still getting most of its tives.



Allan Leighton, chief executive (left), with Archie Norman

UK side behind loss at **MDI**

By Hilary Barnes in Copenhagen

Difficulties at the UK operations of MD Foods International, a division of Danish co-operative dairy group MD Foods, were the main reason for the subsidlary making a loss in the year to June 30. -

Severe price competition. negative effects of the BSE crisis and rationalisation costs in the UK were blamed for a DKr216m (\$36.7m) loss by MDL It made profits of year. MDI's result was also dversely affected by an to DKr20m (DKr10m) in royalty paynents to its parent.

Mr Kim Nielsen, chief executive of MDL said that the BSE crisis had caused periods of excess milk supply, with milk being sold at a loss, as well as a collapse in sales of cream. Rationalisation costs were mainly related to conversion from bottled milk to supplies of milk to supermarkets to dis-

posable packaging. "In the light of the rationalisation and market measures we have already taken, MD Foods is well placed to meet competition and development over the next couple of years. There will be a reduction in the number of suppliers, a development which we consider will give those which are left a healthier ecouomy," said Mr Jens Bigum,

group chief executive. MDI has turnover of about OKr3.7bn, 80 per cent arising in the UK and the rest in Saudi Arabia, South Korea and Brazil. After taking over Lord Rayleigh'a Dairies in August, MD Foods sells 700m kg of milk a year, more than the total con-sumption to Denmark.

The MD Foods group, which issued consolidated figures for the first time, reported a net profit of DKr590m. The parent company, however, increased net profits from DKr503m to DKr583m. Turnover reached DKr21bn, which makes MD Foods the second biggest industrial company in Denmark after the AP Moller-Maersk shipping and oil and gas business.

Mr Bigum said that on the negative side income from export subsidies to non-EU countries had been halved over the past three years.

Whitbread chief to stand down

By David Blackwell

Mr Peter Jarvis, the and any news of this sort architect of Whitbread's was bound to lead to profit transformation from a tradi- taking. tional brewer to a retail leisure group, is to leave the company next summer.

His successor as chief executive will be Mr David Thomas, managing director of the restaurants and leisure division. The decision of Mr Jarvis

to step down at the age of 55 surprised some in the City, and Whithread's shares were marked down 14½p to 761p. However, one analyst said

Mr Jarvis said he was retiring while the group was in good shape. "It's best to

the shares had become over-

bought after a strong run

hand over when things are going well, and the strategy is fixed and accepted," he said, adding that his 12 years as chief executive had been "a lot of fun". He joined Whitbread 20

years ago after 12 years in marketing at Unilever, the Anglo-Dutch consumer products group.

Mr Jarvis has led the group through three big strategic acquisitions - Marriott in hotels, David Lloyd in in city centre restaurants. market through Brewers The rewards from the £500m (\$835m) spending spree started to emerge last month, when the group

interim profits to £178.1m. Mr Thomas, 52, has for the past four years been the key figure alongside Mr Jarvis in taking Whitbread - a traditional brewer for 250 years -

After working at Finefare, Linfood and Grand Metropol-Whithread in 1984. He took sports centres, and Pelican the group into the pub food As managing director of

the restaurant and leisure division, Mr Thomas developed brands such as Travel reported a 13 per cent rise in Inn. the budget hotels chain. TGI Friday's and Beefeater. Mr Thomas's successor

has not been decided, prompting speculation that the restaurants and leisure into hotels, eating-out and division could be divided

Citizens makes \$5bn disposal

Citizens Financial, the US bank which is 76.5 per cent owned by the Royal Bank of Scotland, has sold \$5bn of mortgage servicing rights for \$89m.

The move is in line with its strategy of pulling out of mortgage servicing and withdrawing from wholesale

The buyer is Dovenmueble Mortgage, one of the biggest providers of mortgage servicing in the US, which will also take over the servicing of Citizens' \$3.2bn mortgage

Mr Bob Speirs, finance director at the Royal Bank of Scotland, said Citizens had decided to sell because it was not a big enough par-

ing. The industry has been consolidating, including last year's decision by Barclays to sell its mortgage servicing rights in the US.

Citizens is still looking to sell a further \$3.8bn of mortgage servicing rights. This business has been put out to tender, and it is hoped a sale will be concluded soon. Citizens only intends to

tion in its home territory of New England, said Mr The minority 23.5 per cent

stake in Citizens is held by the Bank of Ireland. Mr Paul D'Alton, Bank of Ireland chief financial officer, said the net effect of the

withdrawal from mortgage

servicing would be positive

for Citizens.

Irish Life in \$163m

Irish Life, the Republic's largest life assurance and pensions group, yesterday said it would pay \$163m for a privately-owned US company specialising in life assurance and accidental and health

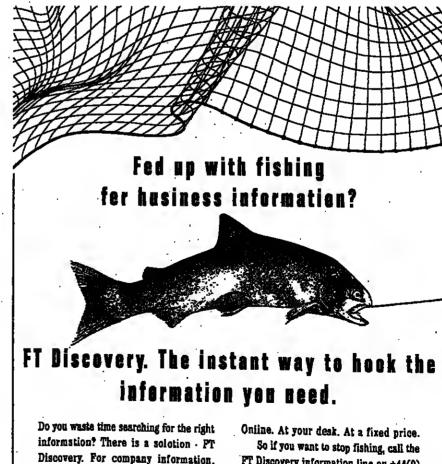
The Dublin-based group expects to fund the acquisition of Indiana-based Guarantee Reserve Life Insurance, "substantially" from its own resources.

An unspecified balance

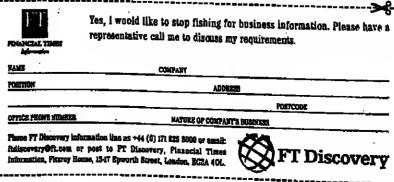
would be financed by bank loans. Irish Life had net cash of I£80m when it reported its 1996 interim results in Sep-Irish Life expects to com-

plete the deal by March 31, when it expects Guarantee Reserve to have an embedded value of \$146m. Embedded value measures the current and future profits on life and pensions products and investment income.

About 18 per cent of Irish Life'e embedded value comes from US business but the latest deal would raise that figure to more than 30 per cent, the company said.



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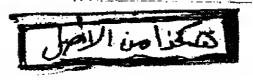


NOTICE OF CHANGE OF NAME

Paying Agent or in any other or similar capacity and to the true unstadiante, away counterporties and other parties in relation transactions.

Chase Trust Bank

CHASE





Airtours and Carnival offer L452bn for Italian cruise line

Approach to Costa Crociere

Daneshkhu in London and John Simkins in Milan

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Airtours, the UK-based tour operator, and its largest shareholder Carnival Corporation have offered L452bm (\$302.3m) for Costa Crociere. the heavily indebted Italian cruise line.

It is the two companies' first joint action since Carnival, the largest US cruise line, took a 29 per cent stake in Airtours in April. The offer also represents their desire to increase their 10 per cent share of the fastgrowing Mediterranean cruise market.

The two sides have signed a letter of intent with Costa Crociere's controlling shareholders and plan to make a formal bid after a due diligence investigation.

Mr Wayne Sanderson, leisure analyst at Merrill Lynch, said: "If the marriage is made, it could be a sensational deal because of the successful acquisitions track record of Carnival and Airtours, and the potential to improve profits." Mr David Crossland, Air-

tours' chairman, said the European cruise market was forecast to grow rapidly. Airtours, which is the largest tour operator in Scandinavia and the second largest in the UK, was well placed to capitalise on this increasing pop-



COMPANIES AND FINANCE: UK

Aboard an Airtours liner: the Mediterranean crinse market is forecast to grow rapidly

ciere's shares resumed on the world's fifth largest controlled by a shareholders' suspended on Monday following rumours of an

impending deal. Genoa-based Costa Crociere, which has eight ships, and a 30 per cent share of the Mediterranean cruise market, said it was compelled to seek new financing. last year. Net consolidated it needed funds for a profits are expected to L1.000bn investment in new Trading in Costa Cro- ships to maintain its place as

Net assets at June 30 were

amounted to L900hn, but the company says it is owed L200bn of EU and Italian government funding. Turnover is estimated at L1,100hm, up 15 per cent on

chairman. exceed last year's L48.4hn. The company has been

the Milan stock exchange cruise operator with a mar-yesterday; after being ket share of 5.8 per cent. the equity. The largest holder with about 30 per L450bn and total debts cent, is the Il Ponte family holding company of Mr Nicola Costa, who will remain

If the deal goes through, Airtours and Carnival will share the £181m cash payment equally and run the company as a joint venture with its headquarters in

RESULTS										
	Ternover (2)		Fre-tax rofk (fin)	9	S (r)	Contract payment (p)	Date of payment	Dividends - Correposing distant	Total for year	Total last year
Agatos & Hotcheson	281.9 (29	.5 1 - 7.66	(7.57)	14.6	(122)	6.5	Apr 7	5.5	10	9
Armoor Trust 6 miles to Nov 1	17.7 (19	9) 0.539	(1.33)	0.7	(2.5)	0.46	May 6	0.48	-	2.02
Asch 28 wks to Nov 9	3,452 (3,0	44) 2324	(138.3)	6.57	(3.51 ±)	0.81	Atr 2	0.72	•	2.65
Enger 6 mths to Sept 30		0.006		nit	(1)	0.2	Jan 29	0.2		0.45
Jones & Shipmun 6 mms to Sept 30		9) 0.60		22	(21)	0.5	Feb 28	rall .	-	1
Landon Idecohant 6 mths to Sept 30		151		3.69	(7.58)	0.8	Jan 30	0.8	-	4.6
Loades Yr to Sept 30		1) 0.524		7.58	(1,75)	1	Feb 5	1	1	1
MSM 6 mths to Sept 30		A) 75.7L		123L	(3.9)	nit	-	1.5	-	1.5
Stewart & Wight 6 mths to Sept 30		30) 0.21		9.4	(7.85)		-	•	-	150
Tring 6 mths to Sept 30		8 1 2411		4.25	(2.13)	ni		1.42	-	4.25
Warner Estate Yr to Sept 30		2) 10.1		15.92	(13.85)	8.2	Apr7	7.9	12.2	11.75
Investment Trusts	MAV (p)		th Bulahia :	6	k) 2	Current physical (p)	Date of payment	Corresponding stylend	Total for year	Total last year
Abbrust Emerg Ecos	94.69 (82	87) 0.16	6 (0.388)	0.39	(0.78)	0.4	Feb 19	0.4	0.4 -	0.4
Ediaborgh Japan 6 miles to Nov 30		5) 0.03		0.11	(0.251.)	-	-	•	•	14
Microsy Spill 3 miths to Nov 30		74) 0.14		1.8	(29)	. 2.9	Apr. 3	2.75	-	11.4
Plannigan Intl 6 mins to Nov 30 *		61. 0.12		- 253	(1.45)	1.9	Jan 23	1.8	•	3.7
Schroder Income		1	- (-)		(-)	1.05	Jan 31	1	-	4.5
		19 i 00		2.93	1202)					4

Earnings, shown basic, Dividencia shown net. Figures in brackets are for corresponding period. After exceptional charge, \$40er exceptional charge. The exceptional charge, \$40er exceptional charge.

Rank shares fall on statement

By Scheherazade Daneshkhu

Shares in the Rank Group lost 6 per cent of their value yesterday, after the company issued a trading statement which fell well below market expectations.

The diversified leisure group was the worst performer in the FTSE 100 after its shares fell 25%p to 416%p.

Mr Andrew Teare, chief executive since April, said that growth in operating profits in the first half would be broadly maintained in the second half ended December 80.

Analysts said that since this included profits from acquisitions, it implied that growth in the second half on a like-for-like basis would be below the 12 per cent achieved in the seasonally less important first half.

Mr Andrew Hunter, leisure analyst at ABN Amro Hoare Govett said: "The share price carried a lot of expectation for Andrew Teare, but since be's taken over it's reflected a lot of disappointment . . . it's not going to be easy to turn it around in a short time."

Analysts downgraded profits forecasts by about 5 per cent to between £295m and £305m (\$509m).

pointed over the performance of Hard Rock, widely regarded as Rank's strongest asset and growth opportunity. Operating profits at existing Hard Rock cafés before the acquisition in June of outlets Rank did not control - would be "slightly lower" than in 1995.

include £35m for restructuring costs and a £150m property write-down.

£30m_

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Exceptional items will

Rank also announced 2145m of disposals, Shearings, the coach holiday business, has been sold for \$82m. while Kingston Plantation, a timeshare resort in South Carolina, was sold for

NOTICE OF CHANGE OF AGENT

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tish Ploor, Akasuka Park Building 2-20, Akasuka S-choma, Mireao-ka Tokyo 107, Japan

Chase Trust Bank December 20, 1998

O CHASE

CONTRACTS & TENDERS

HUNGARIAN PRIVATIZATION AND STATE HOLDING COMPANY The Hungarian Privatization and State Holding Company (herchaster: Caller or AFV Rt.) invitor a one round open tender for the purchase of the state-owned registered states guaranteeing equal shareholders' rights representing 87,69 percent ownership share with par value of HUF 701,550,000 of Bahony Plazert Rt., (herchaster: Company) / 8000 Sediesfeherstr, Sosto Repiliorer, (Trade Registry no.: 07-10-001034/04) established under Act XIII. of 1989. Registered capital of the Company: . HUF - 800,000,000 Equity of the Company: ÁPV RL 40,000,000 20,190,000 . 2,52 percent

3. Bids shall be submitted to the address specified below in a closed unmarked cuvelope in five copies in Hangarian. Foreign bidders are allowed to submit their bids also in English or in German, but even in this case the Hungarian version will mic. Bids shall be submitted in person or by a proxy in the presence of a notary public within the specified time.

PÁLYÁZAT: BAKONY FÜSZÉRT KT."

4. The bidder shall mark the original copy with the inscription "EREDET". If the bidder fails to do this, the Caller will choose one from the copies submitted which further on will function as the original. Should there be any discrepancies among the copies the copy so marked shall rule. 5. Deadline for submission: February 5. 1997, between 12.00 and 14.00 hours

Place of submission: APV Rt., B-1133 Budapest, Opesti rispt. 31-33. Sth floor, room 807

6. At least 80 percent of the parchase price is to be paid in cash, the remaining sum can also be paid by cash or comp coupons. The deadline for the payment in full of the purchase price cannot be longer than 30 days. The Caller will not accept deferred payment or payment in installments.

Foreigners can only bid in corrences accepted as convertible by the National Bank of Hungary (MNB), taken into account by the Caller at the effective foreign exchange purchase one officially published by MNB at the time of the submission deadline. Neither foreign private individuals, nor economic associations in majorky foreign ownership registered in Hungary are allowed to pay in nation coupons. Foreigners can only use compensations coupons acquired in their own right. Compensation coupons are taken into account by the Caller at a rate of 174,2%.

7. Bidders shall undertake to maintain their bids for 120 (one hundred and twenty) days from the submission deadlin 8. To prove their intention to purchase bidders shall pay or transfer HUF 10,000,000 (sen million) as resemble money used the sub-

mission deadline to the account opened for this purpose by APV Rt. with MKB (Hungarian Foreign Trade Bank) specified in the detailed tender invitation. The Caller shall dispose of this sum in line with the rules on retention money.

9. Following the evaluation the final decision is taken by the Caller. The Caller reserves the right to declare the te 10. The detailed tender invitation and the information memorandum containing the most important eq of view of the hid prepared by the Company constitute an integral part of the present ten of view of the bid prepared by the Company consumte an integral part of the present tender in mation memorandum including also the detailed tender invitation for HUF 20,000 + VAT appears a decirration of confidentiality is subject to submitting bids. The tender documents and the preconstruction, by one of the members) personally or through a pracy directly from the faller.

a certificate.

The proxy shall attest his power of representation or the extent of his power of the power private contract having full conclusive force. The existence of the mandate 11. Information on the tender, as well as on the autjor data and character

information concerning the Company: CBO Mr. Isrein Nagy on the premises of the Company Tel.: (36-22) 316-410

Information concerning the tender: Portfolio manager Mrs. Both, Zsuzsa Keliner

Address: APV RL Tel.: (36-1) 269-8600, est.: 2195

US\$300,000,000

LIPPOLAND

Lippo Land Development International Finance Company B.V.

(Incorporated with limited liability under the laws of The Netherlands with corporate seat in Amsterdam, The Netherlands).

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Guaranteed joinly and severally by PT Lippo Land Development

PT Lippo Cikarang

and severally and to a limited extent by

PT Lippo Karawaci Tbk

(each established with limited liability in the Republic of Indonesia)

Bear Steams Asia Limited

Bear Stearns Asia Limited

Peregrine Fixed Income limited

BT Asia limited Salomon Brothers International Limited Sumitomo Finance (Asia) Limited

Indonesian Financial Advisor Lippo Securities

December 1996

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INTERNATIONAL CAPITAL MARKETS

US Treasuries' rally lifts Europe Syndicated loans

By Lisa Bransten in New York and Samer Iskandar

New signs of weakness in the economy and a rise in the dollar belped US Treasuries post gains ahead of the afternoon auction of five-year notes. The rally also supported by a rise in were generally unchanged or even slightly higher in

Near midday in New York, the benchmark 30-year Treasury had added 豊 at 97卦 to yield 6.652 per cent while at the short end of the maturity spectrum existing two-year notes were i stronger at 99翡 yielding 5.851 per cent. The March 30-year bond future

figures on the number of prise that the market rallied mark contract fell by 0.03 new claims filed for unemployment benefits and by a news despite its indications report from the Federal of stronger than-expected Reserve Bank of Philadelphia showing weakness in the region's manufacturing sector.

The Treasury market was

belped European markets to the value of the dollar Commerce Department said. reported that the deficit shrank to \$8bn last month from \$11.4bn in October. ply set to come on to the cast the deficit to be closer

> By early afternoon the US currency was changing bonds rose in the wake of hands for Y118.97 and DM15541, compared with flattening of yield curves. Y113.70 and DM1.5516 late on The March bund future

after the release of the trade to 96.85. economic activity.

trade data are confirmed by snbsequent trade reports, then the market must tify future rate rises, as the rethink its slow growth scenario and come around rise from their lows, sparked by a carrowing of to our mors optimiatic although short term rates the US trade deficit. The view of the US economy," he

> the market about new sup-Most economists had fore market after the Treasury's afternoon auction of \$12.5bn

in five-year notes. Long-term European the US market, resulting in a traded on Liffe gained etronger US Treasuries. at Sanwa International.

Some analysts said that the Bundesbank's decision to lower its target range for M3 "In the long run, if the monetary growth to 3.5-6.5 per cent, from 4-7 per cent, would make it easier to jusaggregate was now more likely to overshoot.

However, economists at Bankers Trust said German interest rates were likely to There was some worry in remain low until the economic recovery found a firmer footing.

"Given the fragility of the 0.02 lower at 93.26. domestic economy, the "On a relative by recovery will continue to depend on an accommodative monetary policy," Bankers Trust said.

UK gilts also managed to French OATs," said Mr Kirit close higher on the back of Shah, chief market strategist

contract had sunk in early trading to a low of 108%, following the release of data showing that the M4 monetary aggregate had grown by 1.1 per cent in November, against expectations of a 0.8 per cent rise.

"The [monetary data] coming on the back of this week's robust retail sales and labour market data, the odds have increased in favour of a rate rise in January", ABN Amro Hoare Govett said. Liffe's March short sterling future closed

"On a relative basis, gilts are still cheap, especially in the five-year area of the curve, where gilts yield 280 basis points more than French OATs," said Mr Kirit

Bonds were cheered by higher-than-expected weekly higher-than-expected weekly wood Gundy, expressed surwhile the three-month eurosettled at 109½. Up %. The figures on the number of price that the market railied mark contract fell by 0.03 contract had sunk in early

and Richard Lapper

Bankers have completed three jumbo deals in their ancy of the syndicated loans

The latest deal to have credit facility for Entergy name appeal" and the oppor-£1.3bn takeover offer for London Electricity was agreed on Wednesday.

The facility has been done smoothly.

jointly underwritten by ABN Finally, Credit Suisse and America. Pricing terms are expected

to become available once the derwriters in the new year, before the deal goes into general syndication.

Another new jumbo deal is \$2.1bn seven-year facility for imperial Chemical Industries, which marks the chemical company's return to the loans market after a 10-year absence. 1CI had been relying mostly on bilateral bank loans.

The transaction intended to replace existing bi-lateral arrangements and is for general corporate purposes. About half the facility will be repaid after five years; the rest will run to maturity, Arrangers HSBC and NatWest Markets have enlisted BZW, Chase, Deutsche Bank and UBS as coarrangers, and will approach small group of relationship banks for general

The facility pays a margin of 12.5 basis points over Libor in the first five years, rising to 15 points in years six and seven. In addition, there is a 2.5 basis point utilbasis points, rising to 7.5 in the final two years.

Some bankers felt pricing was on the tight side. "The last few transactions, under- pricing looks more approprilining the continued buoy are for the old ICI than the new ICI minus Zeneca," said one banker.

Nevertheless, he said, the been launched in the UK is e rarity value of the facility, \$1.25hn term and revolving the borrower's "tremendous Power, the US utility whose tunity for banks to forge a £1.3bn takeover offer for deeper relationship with this UK blue-chip company ensured that it would get

Amro Bank, Union Bank of Industrial Bank of Japan Switzerland and Bank of yesterday closed a \$1.35bn project financing for the Ras Laffan Liquefied Natural Ges Company in Qatar. The arrangers approach sub-un money will supplement \$1.2bn raised from a bond issue underlining the growing tendency for developers to raise funds for project finance from the capital mar-

kets as well as from banks. Ras Laffan's shareholders the Qatar General Petroleum Corporation (70 per cent) and Mobil QM (30 per cent), a wholly-owned sub-sidiary of Mobil Corporation - are developing the project, which is expected to cost a

total of \$3.4bn. The size of the bond was increased from an originally anticipated \$400m, leading to a corresponding reduction in the size of the planned bank facility. Credit Suisse and IBJ were joint-leads and joint bookrunners, but a total of 25 international and regional banks underwrote the \$450m commercial bank

element of the deal. Other arrangers were Arab poration, Crédit Lyonnais, Mediocredito Centrale, Sakura Bank and Société Générale. The deal also counts on

provided \$465m; the Export Credit Guarantee Department (ECGD) provided \$250m; and SACE, the Italian agency, provided a further \$185m. The loan has a maturity of 13% years. Goldman Sachs and Credit

Suisse First Boston under-

shrinking

wrote the bond, which was launched last week and closed simultaneously with the bank and ECA facilities. Separately, Chase Investment Bank and NatWest Markets this week announced the completion of the underwriting phase for a 2325m secured credit facility for Yorkshire Cable, which provides cable TV and telephone services in the North of England. As well as Chase and NatWest, the underwriters are Banque Paribas.

ion Bank. Meanwhile, the stream of new transactions shows no sign of abating. "The easiest prediction for 1997 is that it will get off to a frantic start," said a banker.

CIBC Wood Gundy, Robert

Fieming and Toronto Domin-

In addition to ICI's deal, the UK market expects a £1bn transaction for British Gas Energy and £1.2bn resulting from the expected demerger of Gallaher, the tobacco company, from American Brands. On the international front, France Télécom is expected shortly to award the mandate for a transaction expected to total between \$1bn and \$1.5bn.

Other project financings expected early next year include an estimated £700m deal for Teeside Power; an \$850m transaction for the Ibn Rushd petrochemical Petroleum Investment Cor- project in Saudi Arabia; an eetlmated \$1bn for Isab Energy to finance an Italian power project; and an estimated DML 6bn loan for the the support of three export refinancing of the Pego than half of the line. The credit agencies; Eximbank power station in Portugal.

DON HOMET RAYER

Croatia tests water with kuna issue

By Anthony Robinson and

Croatia, which is expected to raise \$250m through an inau-gural eurobond issue early next year, has tested the water with the snccessful syndication in both domestic and international markets of its first medium-term kuna

hond issue. The two-year, K300m bearer bonds carry a 12.5 per cent coupon and were issued at a price of 98.5 per cent. This compares with the 13 per cent interest rate offered on the latest issue of K22m of 91-day treasury bills earlier this week.

Lead managers for the new bond issue were Merrill Lynch International and

The issue marks a signifi-

BENCHMARK GOVERNMENT BONDS

capital market, which until now has been limited to short-term treasury bills up to a maximum of three

The Ministry of Finance said it intended to follow up next year with bigger issues and longer maturities. aimed at domestic retail

investors. International investors are expecting the inaugural eurobond to be announced early next year.

Timing hinges on a rating from the international rating agencies. Both Standard & Poor'e and Moody'a investor Services are currently preparing a rating, which is expected before the end of

The International Monecompleted a mission to Zagreb, also expects to approve a \$450-\$500m threeyear extended fund facility activity consisting of private development of the domestic next year, provided the gov- placements and issues tar-

Price change Yield ago ago

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Believie Credit Card Corp(d.e) 100

rel terms, non-cellabiliniand, ± 12 100,00R Dec 2022 0.40R 98,0221R Dec 2026 0.67SR 100,00 Jen 2000 1.20 100,25 Dec 2001 0.25

New international bond issues

TO DETROIT OF THE PARTY OF THE

Financial Corp. Recreational, Equipment & Consumer Trust, Average life: 2.26 yrs. at) 1-min Libor +20bp. a2) Class A1 H2: \$30.82m, 6.90% (paid monthly), 99gR, av life 4.12 yrs. Class A2: \$15.2m, 1-mth L +32bp, perR, 2.28 yrs. Class A4: \$15.2m, 1-mth L +41bp, parR, 2.26 yrs. Class A4: \$12.85m, 1-mth L +36bp, perR, 2.26 yrs. b) Callable from Dec 06 at per. bt) 3-mth Libor +75bp. c) Callable from Dec 99 at par. c1) 6-mth Libor +30bp; max 6.80%, d) Fl 600m launched Wedne

ernment pushes ahead with geted at Japanese retail plans to privatise the bank- investors. ing system and keeps a tight rein on inflation.

Economic growth is expected to slow from nearly 10 per cent in 1996 to 5 per cent tary Fund, which has just next year, with inflation at 3-4 per cent. Meanwhile, the eurobond

market was quiet, with most which lies comewbere

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

The exception was an

issue of \$250m of so-called capital securities - a form of preferred securities etructured as floating rate notes for BTC Capital Trust, a special-purpose vehicle.

"This is a new instrument between subordinated floating-rate notes and perpetual

debt ~ but with a yield much closer to the latter," said an Stearns. The notes have a 30-year syndication.

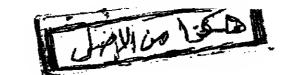
maturity but are callable after 10 years, and yield 90 basis points over the London interbank offered rate at the re-offer price.

Bear Stearns reported good sales to Asian and isation fee if ICI draws more European institutions.

	_	_		-	_	-	_	-			-	_	-		
FTSE Actual	ries G	ovt S	curit	ies									· U	K in	dice
Price Indices UK Gilts	Wed Dec 18	Day's change %	Tue Dec 17	Accrued interest	xd adj.		- Low Dec 18	Dec 17	yield — Yr. ago	Dec 18	Dec 17	yr, ago	— High Dec 16	Dec 17	Yr. ag
1 Up to 5 years (21) 2 5-15 years (19) 3 Over 15 years (7) 4 kredeemables (8) 5 All stocks (63)	120,64 147,77 167,23 191,63 142,98	-0.09 0.02 0.14 -0.12 0.00	120.78 147.74 167.00 191.86 142.99	2.40 2.13 3.48 1.95 2.52	9.44 11.88 11.85 13.47 10.97	5 yrs 15 yrs 20 yrs Irred.†	7.36 7.80 7.85 7.86	7.82 7.82 7.88 7.87	6.93 7.88 7.77 7.86	7,41 7,79 7,89	7.38 7.80 7.84	8.94 7.73 7.79	7,47 7,73 7,74	7.42 7.77 7.79	7,01 7,80 7,85
Index-Inteed						1.4	Dec	nilation 18 Dec 1	8% — 7 Yı. •ç	0		Botton 1 8 Dec 1	7 Yr. ag	•	
8 Up to 5 years (2) 7 Over 5 years (10) 6 All stocks (12)	202.63 193.52 193.43	-0.07 -0.28 -0.26	202.77 194.07 193.93	1,27 1,63 1,59	5.28 4.71 4.89	Up to 6 ye					2.5 3.4				٠
Average gross medemption	yiekis are a	nown above. (Coupos Ban	dec Love: 0%	-74%; Me	dun: 8%-101	ijic High:	11% and	over, † F	at yield,	rtd Year t	o clave.			•
FT Fixed Interes		S Dec 17 Dec	: 16 Dec 1	3 Yr ago.	High" Lo		t Edge	d Act	•		Dec 17	Dec 1	6 Dec	13	Dec 12
Govt. Secs. (UK) 94, Fixed interest 116. © FTSE interestonal Ltd 1 high since complisator: 123 Owing to technical proble	17 116.10 996, Al del 87 (21/01/9	116.27 118 ts reserved. ' Q, low 50.53 g	for 1996, G 35/01/75), Ba	114.94 1 overment 5	17.82 110 securities his	1.74 - 5-da gh since com curition 15/10	platford 12 26 and Fb	7.4 (09/01 ood knieros	7 1/35), low	8.4 7.7 49.16 (03 BCB/my I	72.9 76.2 (01/75). Fi notices reb	73.1 78.2 ked interes	8: et	4.5 2.1 :	71.6 83.9

	Coupon	Date	Price	change	Ylek	600	890	Pr	ice	Jen	Feb		Mar	Jun	Jan	Feb	Mar	Jun
Australia	6,750	11/0G	94,8820	-0.270	7,49	7.38	7.22		0000	0.35	0.61			1.16	0.03	0.49		
Austria Belgium	5.875 7.000	07/06	99,7000 107,3500	+0.220 +0.150	5.91 5.95	5.97 6.03	5.97 6.08		0050 0100	0.04	0.54 0.32			0.97 0.78	0.22	0.72 1.00		
Canada *	7,000	12/06	103,0500	+0,250	6.58	6.51	6.19										201544 P	
Denmark	8,000	03/08	109,1000	+0.080	6,64	6.73	8.85											
France BTAN OAT	5.500 6.500	10/01 10/06	103,4411	+0.042 +0.110	4.89 5.81	4.75 5.86	4.90 5.91	_	aly									-
Germany Bund	6.250	04/06	102.8400	+0,270	5.84	5.93	5.92	-		ONAL IT!				(BTP)	FUTU	RES		_
treland Italy	8.000 9,500	08/06	108,4000	+0,130	6.78 7.45T	6.92 7.60	6.92 7.80	-	LOFTE					1.00		Law		Ph LA
Japan No 143	6.300	09/01	121,9659	+0.205	1.37	1.40	1.67			Open		•	Change	-		Low	Est. vol 22383	
No 182	3.000	09/05	104,5258	+0.376	2.38	247	271	M: Ju	-	128,4	128 128		+0.22	128.	50	128.24	22,384	'89181 1320
Netherlands Portugal	8.500 9.500	06/06	119,2200	+0.230	5.79 7.00	5.87 7.04	5.87 7.37			N GOVT. R				PHONE	A 1666	Liezono	100ths of	
Spein	8,800	04/06	111,8600	+0.290	7.01	7.11	7.55	_	rike		<u></u>	CAL			,		PUTS -	100.0
Sweden Life Ciles	8.000	08/07	108.2803	-0.310	0.87	6.99	7.31		ice		Mar	·	ىل	ri		Mar	PUIS -	Jun
UK Gilts	8.000 7.500	12/00 12/06	102-17 99-06	+3/32	7.26 7.62	7.21	7.23 7.67		2850		1,62		2.6			1.60		2.85
	9.000	10/08	110-00	+13/32	7.70	7.76	7,78		2900		1.60		2.3			1.88		3.12
US Treasury	6.500 6.500	10/06	100-22	-1/32 -4/32	6.40 6.65	6.37	6.27 6.58		950		1.37		2.1			215		3.41
ECU (French Govt)	7.000	11/26	98-00 105.7500	+0.120	6.16	6.61	6.31	Es	E AUF R	ottal, Cames :	2464 Put	B 560	. Previous	gay's of	en m	., Cars 10	06713 Puts	78118
Landon closing, "New Y					da: Local		t standard.	S	pain									
† Gross (including with			or cont paya	ble by non						ONAL SP	ANISH	BON	э эллн	HES (ME	ŦĐ			
Pricee: US, UK in 32nds	s, coners at a	ACCUTION.			SOLITOR	MMS II	ternational	-	(10/1		_		-			1	Feb and	O L4
US INTERES	T RAT	ES						Ma	~	Open 110.92			+0.29	_		110.65	61,390	Open Int.
				Dm 1 D				Ju		110.99		1.30	-0.02	111.		110.99	402	76,620
Latest	One	: month	i reasury	Bills and E	year	03	5.87		K						-			
Prime rate	64 Two	, manth _		- The	o year		5.99	_		ONAL UK	GILTE	uru	RES (LIF	FE): \$50	1000	32nds of	100%	
Broker loan rate Fed.funds	_ r 1942	ee month.			170K		8.16 8.40	=		-	-		_					Open Int.
Fed_funds at Intervention		Y98		5.51 30-	ear.		6.64	De		Open 109-14			+0-13	109-4		Low 109-13	Est. vol	3646
								Mi		108-20			+0-13	109-0		108-17	31788	133130
									_	GILT FU								100100
								St	rike			CAL	15				PUTS -	
BOND FUTUR	RES AL	ND O	PTION	5					ice	Jan	Feb			Jun	Jan	Feb		Jun
								10	8	0-12	1-04	1	-30 2	2-01	0-08	1-00	1-26	2-41
								11		0-01	0-39				0-61	1-85		3-15
								11			0-21			-	1-60	2-17		3-56
France									- 412. 10	Ma, Can 2	246 Full		. Floviou	tay a o	por m	- Cars	9079 Puts	20104
MOTIONAL FREM	ICH BOND	FUTUE	RES (MATI	F) FFr500.	000			E	CU									
			_	Low		l 0	be		ECU E	OND FU	TURES	(MA)	ES ECU	100.000				
Open Mer 128.30	Sett price 128.52	+0.06					pen int. 126,217	=		Open	-	_	-			Low	Cat and	Occan Inc
Jun 127.04	127.26	+0.06					9,248	Ma	_	95.02	Sett		+0.06	95.1		94.90		Open inc.
Sep 125.04	125.26	+0.06					_	INC		83.02	80.	.10	10.00	83.1		34.90	1,772	6,215
LONG TERM FR	ENCH BOI	ND OPT	TONS (MAT	NF)														
Strike -	— CAL	LS			- PUTS	\$		U	S									
Price Jan	Fe	b	Mar	Jan	Feb		Mar		US TH	EASURY	BONG	FUT	URIES (C	8T) \$10	0,000	32nds c	£ 100%	
126 2.53			2.83	0.01	0.14		0.33			Open	Lat	reet	Change	High	_	Low	Fet wol	Open int.
127 1.53 128 0.62			2.06 1.39	0.01 0.10	0.29 0.58		0.65	De	c	112-06			+0-14	113-4		112-09	22.253	29,707
129 0.10			0.87	0.58	1.06		1.35	Ma		112-01			+0-14	112-		111-27	257,650	
130 0.01			0.48 .	1,49	1.71		1.95	Ju	n	111-15	112	-03	+0-17	112-	03 1	111~13	530	14,970
Est. vol. total, Calls 16,19	2 Puts 6,064	. Previou	w day's open	irt, Calls 1	53,925 P	uts 155.	344.											
								Ja	apan	1								
Germany										MAL LO				E GOV	г. во	NO FUT	URES	
NOTIONAL GERM	MAN BUNI	FUTU	RES (LIFFE)" DM250.	000 100	Othe of	100%		(LIFFE	Y100m	100ths	of 10	0%					
Open	Sett price	Chang	e High	Low	Est.	vol 0	pen int.			Open	Clo	250	Change	Higi	-	Low	Est. vol	Open int.
Mar 99.68	100.32	+0.30		99.84	898		221435	Mg		125.97	-		-	126.1		125.97	961	n/a
Jun 89.22	99.43	+0.30	99.22	99.22	20	0	251	Ju		124.71 ures also t		ADT	All Coon	124.7		124,71	25	n/a
		_				_		_			0000	. ~ .	~ Opon		~-	o ka pie	noon cary.	
UK GILTS P	RICES																	
	Weeks		_52 v												,			-
Notes	Yield int Red	Price 2 -		Low		Ho		field Red	Ptica € -		2 maak b Low			Notes	ตี	Yeek) (2) Pric	-'D+ 38	52 week High Love
Secretaria di Americano de Cintra Va					7 ² 200 20	nois	7.56	7 61	00.7	+33 101	B 94\3		-Linkst	-				
Reerts" (Lines up in 1700 Ye rees 134.pc 1907##	13.18 6.3 9	100,2	107%		i 7-¥gc 20 i 7-¥gc 20		_ 7.59	7,61	10033	+15 103			pc '98##	_f135.6) _d35.6)	0.04	215 1	1383	110 1112
ach 10 ¹ 20c 1997	10.43 6.37	100]]	107 <u>&</u>	100% Tons	Anc 2002		_ 7.87	7.55		-/2 104	-	212	pe 101	_(78.3)	2.68	231 1	M2 +4	185
ireas Cay 79c 1997## Sans 83.nr 1997##	6.98 6.47 862 6.49		→ 101년 → 107월	IUUra	114002			7.53		+2 125			pc 103 pc 104#	(78.8) (135.6)	292 3.01	3.38 1 3.42 1	8082 +4	1822 1713 119 1123
ress 83.pc 1997## Sect 15pc 1997	14.04 6.58		-å 115	10211 Trea	8 ¹ 200 20			7.85		+% 108			76	(69.5)	3.16	3.48 1	mi .i.	1922 179
ach 94:pc 1996	9.46 E.66	103,5	-3 7064	100 A Tres	9pc 2006		£18	7.69		+14 112		7 2	pc '09	(78.8)	3.28	254 1	7013 +13	1732 161
mm 71epc 1998##	7.20 8.66 13.58 8.60		-1 109kg	100 C	ape 2009		7.62	7.72		+43 104	_		pc *11 pc *13	(74.6)	3.34	3.57 1 3.81 1	761 +14 44H +13	17935 105 ₂
hees 15 ¹ 200 196#; Sich 1200 1998	11.01 6.97	109,5	-3 1225 -3 1143 -3 1083	100 Treat	6 1/4pc 2	::::::::::::::::::::::::::::::::::::::	7.17	7.77	872	+13 89	3 DI F	272	pc 16	B1.B	3.46	3.85 1	50, +13	157% 1452
7826 9 ¹ 20C 1998 ‡‡	9.07 7.01	1043	-\ 108 _{\(\beta\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\}	97份 Cam	ape in 20	M1#	&14	7.76	110%	+提 113	3 104%		ps 20 ps 24# _	(83.0) (87.7)	3.52 3.54		47 +45	151-5 135
rese Fig Rate 1999	1106 400	1003	100 <u>&</u>	99% 110 <u>13</u>									DC ,200# '''	(135.1)	3.54		22½ +¼ 20¼ +¾	1204 1754
res 10 ¹ 2pc 1999	11.05 6.02 8.75 7.02		1163 1124	1033														of (1)
rees 6pg 1999 #	6.14 6.97		+3 99%	96														RPI base for
consistan 104pc 1999	948 7.12	106 ¹ 3	+6 11233	107)L	Files Ye							index	ding βe 6 i	nonsia p	rior to	Struct and	d have bee	n ediusted to
env 9pc 2000‡‡	8.56 7.18 11.05 730		+ 100张		Opt. 2012		<u> 511</u>	7.76	1113	-战 114	104 <u>8</u>	lect.	2 14004111 2 3 9 4 5 P	PERMAN	15 70 MI 199	N IN Feeb Be:1R⊅α.	rugry 1987 and for No	. Convention vember 1996
	11.05 7.29 12.77 6.84		-1 1184	11733	5 ² 20c 20	· · · · · · · ·		7.51	며	+4 84		153.9	1	·	- 194	1060 I	IN. 140	
eas Apc 2000##	7.80 7.25	102]]	+16 1057	1014 Trans	Spc 2013		_ 7.84	7.78	102	+l ₂ 105								
reas Filip Palts 2001	5.68 -	1002	100 ₄	9934 Treat	74pc 20			7.76	2933	÷1 103								
rees 10pc 2001	9.14 7.34 7.16 7,33		수는 11년 수는 101년	1004	åpc 2015		7.80	7.74	10214	+5 ₀ 108								
1914 1914 14	1988	~7			84pc 20	17#	7.98	7.80	10933	+# 113								
				Exch	1200 201	3-17	8.46	_	1424	1443	13077	OH	er El	rad b	den			

	high since complisator: 133.67 (21/01/94) Owing to technical problems yesterds	low SO. ya UK (53 (03 File)	101/75). nd Inde	Base 100: Government Securities 15/ or-Linkest indices are uppreficible for	10/26 as	d Fixed	h dere	st 792	8. SE Bothiny Indices rebased 1974,		
	ET/ICSSA WEEDWAY		0.0		i mar				_			
	FT/ISMA INTERNATIO	NAL	БÜ	KU S	SERVICE							
	Listed are the latest international bonds feared B	ior which lid Office								ber 19 lesued		Offer Chg Yield
-	U.S. DOLLAR STRAIGHTS				Spein 7 ¹ 4 03 4000 Volkswegen Intil Fin 7 03 1000	100	103		5.49		100%	100% + 7.86
	Abbey Nati Treesury 6 ¹ 2 03 1000 101 ABN Arrivo Bank 7 ¹ 4 08			6.49 7.07					5.75	Description Land 87, 23 C	954	96 +3 9.52 995 -1 7.04
	Altican Dev Bk 75g 23 500 100	12 10	Σī	7.33		1047	10434	+	5.15	Detriark 64 99 £ 300 Depta Finance 74 08 £ 000 EB 8 03 £ 1000	08	995a -1a 7.04 961a +1a 7.86
	Attican Dev Bk 75g 22 500 100 Alberta Province 75g 03 1000 100	102		6.09	World Serk 75 05 2000	107%	106	44	5.89	EB 8 03 £ 1000	101%	102 +4 7.51
	Asian Dev Bank 614 05 750 97 Austria 812 00 400 100	5 97 4 106		6.72						CONTRACTOR OF MY	103%	104 He 8.12
	Baden-Wuerz L-Fin 61g 08 1000 100	105	ų.	6.25	Asian Dev Bank 0 16 500	38%	393	4	5.06	Historia Trust 10 06 £ 550 HSBC Holdings 11.69 02 £ 153	115%	11512 +1 8.1
	Bancomest 714 04 1000 86	5 87	4	10.16	Austria 4 ¹ 2 00 1000 Council Europe 4 ¹ 4 96 250	105%	108		257	Raty 10 ¹ 2 14 £ 400	120	1204 + 82
	Bank Ned Gemeenten 7 99 1000 103 Bayer Vereinstok 8 ² 3 00 500 1		2				-007		237		9912	9934 7.14
	Seighan 51 ₂ 08 1000 94	4 95		6.44	EB St. 99 1000	103%	10312			Land Secs 912 07 £ 200 Ontario 111 of £ 100	1074	1075 +18 8.3
	Seigham 5 ¹ 2 08 1000 94 British Columbia 7 ³ 4 02 000 105 British Gas 0.21 1600 16	12 105	4 4	6.51	EBS 63, 04 300	11434	11512		447	Powergen 87 03 £ 250	10312	103% +4 81
	B-Mah Gas 0 21	7 ₄ 16		7.68	Finland 74, 99 300	1113	1124		278	Contacto 111 ₁ (01 £	1087	1091 7.53
	Canacta 63 ₈ 08 1000 96 Cheung Kong Pin 51 ₂ 98 500 97	% 96		6.79	1000	106%	115 ³ 8 106 ³ 6	ų,	3.09			1117 4 7.7
	China 6 ¹ 2 04 1000 96	97	5 +4	7.23	Ontario 614 03 400	113	174	+4	3.71	World Bank 9 99 NZ\$ 250	1034	1034 7.5
	Chaung Kong Ph 5 ¹ 2 98	1 ₂ 106	10 +4 24	6.20 5.95	Ouebec Hydro 5 03 100 - 5NCF 7 04 450	102%	1031 ₂	٠.		World Benk 9 99 NZ\$ 250 Credit Local 6 01 FFr 8000 Dermark 5 ¹ 2 99 FFr 7000	10434	105 4,8
	Fort Jaron Dahuru 63 M. ATO G	Le DO		6.77			1087	4	4.15 3.60	Bac de France 8 ³ 4 22 FFr	104	1044 44 39
	EB 6 04 500 97	5	16 J	6.42	World Bank 0.21 700	28	29	_	5.13		127	123 + 6.5
	EB 6 04 500 97 Boc de France 6 98 200 103 En-im Book Japan 5 02 500 100 En-im Book Japan 5 02 500 100 Encort Dev Corp 9/2 98 150 1 Econt Capital 0 04 1500 67 Fed Home Loan 75 99 1500 100	2 ₂ 103		5.94		1151	115 ¹ 2	+4	308	FLOATING RATE NOTES		
	Export Dev Corp 91-9 08 150 10	15 105		6.01	YEN STRAIGHTS	•			•	loncond	84	Offer Cope
	Execo Capitel 0 04 1800 60	F2 61	ել Վ	8.54	YEN STRAIGHTS Begam 5 98 75000 Crack Forcier 43; 02 75000	1115	1113		1,04	Abbey Nat Treasury 14 93 _ 1000	99.94	
	Fed Home Loan 75 SP 1500 100 Federal Natl Mort 7.40 04 1500 100	2 102		8.15	Credit Fonder 43; 02 75000	1137	1144		211	Arpentarie Global Fin 0 01 700 Burkamerica 1 ₈ 99 750	99.61	99.70 5.5000
	Ford Motor Credit 64, 98 1500 100	7 10		6.68 6.11	Feebo Book Josep 43-00 100000	11/28	11/4		212		99.97 99.70	100.07 5.660 99.78 5.2500
	General Mile 0 13 1000 _ 25	26	ĽЪ	8.49	inter Amer Dev 714 08 30000	1201	120%		1.18	CACE 0 08 Equ	99.66	99.98 4.0625
	Inter-Amer Day 6 ¹ ₂ 05 600 96 Inter-Amer Day 6 ¹ ₂ 05 1000 96	1 ₂ 98	2,	6.08 6.71	Inter Anne Der 714, 08	1081	1083	+12		Credit Lyonnais & 00 300	99.80	99.88 5.375
	Inter-tener Day 71s 05 STO 104	- 1114	: 7	6.75	Japan Dev Bk 5 99 100000	11114	118½ 111¼	**	2.45	Dreacher Finance & OR DAY 1000	98.18 100.00	98.50 5.9375 100.05 3.180
	Intl Finance 54 99 500 96	2 98		6.05	Japan Dev Bk 5 ¹ 2 01 120000	122	122	410	1.57	Fed Net Mort -3 OR 1000	99.80	99.85 5.3125
	Intil France 54, 98 500 98 Isaly 6 03 3000 97 Isaly 6 28 3000 97 Isaly 67, 28 500 108 Isapam Day 8t 63, 01 500 108 Korea Blec Power 61, 03 1350 97	2 97 4 95	4	6.56 7.45	SNCF 64, 00 30000	1174	118 120 ¹ 2	45	1.08	17 THE ST 1971	99.95	100.02 5.3750
	Japan Day Bk 83, 01	107	ė	6.43	Spein 5% (2 125000 Sweden 4% 98 150000	104%	1204s		1.76 0.49	M Bank Int 4 98 500	100.10 100.41	
	Koren Elec Power 61 03 1850 97	97	ş 44	7.00	World Bank 54, 02 250000	115	1161	44	1,67	taly ½ 99 1500 taly ¼ 98 Ecu 1000	100.59	100.45 5.5036
	Melisushita Elec 74, 02 1000 103	12 103 14 104	4 4	6.60 6.68	CTHER STRAIGHTS		-			IKB Goden Marie To 1 00	100.24	
	Mateuarita Elec 7 ¹ 4 02 1000 103 Ontario 7 ⁵ 8 03 2000 10 Ontario 7 ⁵ 8 02 2000 105	4 104		6.58	Geninance Lux 7% CS LFr 4000					LKB Barlen-Wuert Fin -1, 95 . 1000 Lloyds Bark Perp S 0.10	99.90 86.38	99.96 5.4373 87.88 5.8293
	Otto: Korindisark 81- 01 200 107	b 107	4	6.40	98 74 05 LFr 3000	108	- 100		582	Mataysia 1 08 650 Nova Scotia 1 99 000	29,78	
	Portugal 5%, 03 1000 95	• 0	B	6.64	Rebobenik Nederld 84s 04 LPr 3000	113	114		8.14	Nova Sco6a 1 99 000	99.98	100.06 5.6875
	Cuebec Hydro 93, 93 150 105 Cuebec Prov 9 98 200 103	L tool		6.35 8.17	Austria 8 ¹ 2 99 R	1054	1057g 1033g		3.91	Bortunal A CO COA	100.08	
	SAS 10 99 200 108	107	į T	6.56	Bell Caracia 10% 90 CS 100	1121	112%		8.02 5.27	VALUEDING Medito (1991)	100.31 99.75	
	SAS 10 99 200 108 SNCF 6 ¹ / ₂ 98 150 10 Spain 6 ¹ / ₂ 99 1000 10 Spain 6 ¹ / ₂ 99 1000 10 Tennessee Valley 6 00 1000 99 Tennessee Valley 6 05 2000 98	5 105	والبا وأ	6.08	Bell Caracia 10 ² s 99 C\$ 108 9:15th Columbia 7 ² s 03 C\$ 1250			4 ¹ 8	6.43	Spain -12 02 DM	99.80	99.88 5.5825
	Species 61- 06 1000 10	01 101 ² 1 ₂ 100 ⁴		6.06	Carrada Mig & Hag 84, 99 C\$ _ 1000		108		5.11	Spain -1¢ 02 DM	100 10	100 15 3.3477
	Temesses Valley 6 00 1000 00	2 100		6.60 8.24		107 1114	107 ¹ 2 1115	+48	4.12	State St. Victoria 0.05 99 125 Switcher 1 g 01 2000	100.00	
	Tennessee Valley 63 05 2000 98	98		6.74	KSW Int Firs 10 01 CS	115	115 ¹ 2		5.19 5.86		99.93 99.78	100-00 5:3750 99-81 5:3750
	ICROPO CHEC POWER 64 NO HOLD YO	2 10	4 4	6.36	Niggon Tel Tel 10½ 99 C\$ 200	1125	113		5.32		43.10	-mg; 3.3/3/
	Toyota Motor 5% 95 1000 98 United Kingdom 6% 01 2000 101	99 99 101 101 1		5.92 6.90	Ontario 5 03 CS 1500 Ontario Hydro 107, 99 CS 500	108%	108			CONVERTELE BONDS		
	United Kingdom 74, 02 3000 104	2 104		6.32	Oster Kontrollant 104 98 C\$ 150	1124	1123 ₄ 1121 ₂		4.92 5.14		Comv.	
	Walt Diemey 63, 01	y 98	•	6.58	Cusebec Hydro 7 04 C\$ 1000	102	1021	+3,			Price	Bid Offer Prent
	World Stark 6% 08 1000 95	4	9	8.65	Quebec Prov 1012 98 C\$ 200	110%	1107	•	4.91	Affect Lyons 63, 285 200	604	के व्ह ग्राफ्
	World Bank 6 ⁵ 1, 99 1600 108	2 106	4	5.89	Council Europe 9 01 Etal	1153	1154		535	Gold Katgoorie 71 ₂ 00 65 Grand Metropolitan 61 ₂ 00 710	407 4	102 1114 - 412
	DEUTSCHE MARK STRAIGHTS				Oracli Fonciar 8 ³ s 04 Ecu	1114	1124	*		THE SUIT PROPERTY TO DAY AND A	1 7بد. مورد	144, 1754, +590 875, 388,
	Austria 612 24 2000 95	2 95	والباية	6.87	80 6 08 Exi 1100 .	1043	104%	•	5:40 4:73		31.05	01'2 90'4 92'2 99'2 -7.18
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CURRENCIES AND MONEY

Shrinking US trade gap boosts dollar

By Simon Kuper

The dollar rose yesterday data, which helped persuade after the US trade deficit many traders that Mr Ken for 29 industrialised countries that Mr Ken for 29 industries that Mr Ken for 29 industrialised countries that Mr Ken for 29 industries that Mr Ken for 29 industries that Mr Ken for 29 industries that Mr Ken for 20 industries that Mr Ke expected 30 per cent in Octo-But the trade gap with

Japan, which has been growing recently, rose by 31 per cent to its highest level since August 1995. US manufacturers, particularly carmakers, have recently been complaining about the strength of the dollar against the yen. But Mr Robert Rubin, US treasury secretary, has continued to back a strong dol-

The US currency gained 0.7 pfennigs against the D-Mark to close in London at DM1.560 yesterday. Against the yen it rose Y0.4 to Y114.0. It reached a new 23month high against the Swiss franc at SFr1.339. The Swissie also hit a new 31month low against the

POUND SPOT FORWARD

(E) 2550.05 (F) 53.4880 (F) 2.9112 (NK1) 10.7830 (Es) 267.810 (Pm) 218.71 (SKr) 11.4024 (SFr) 2.2264 (C)

(A\$) (HICE) (Fis) (Shid)

Australia Hong Kong

despite strong money supply outlook.

Eddie George, governor of economy's recovery, the Bank of England. The competitive p in thin trading sterling fell

this month the pound was failing to sustain a break above resistance at DM2.60.

Movements in exchange rates since mid-1995 have benefited most developed economies, the Organisation

E Powe	d in New Yo	ork.
Dec 19 '	Luinet-	- Presi; close -
€ spot 1 mfn	1.6620 1.6813	. 1.6750 1.5742
3 mm 1 vr	1.6585	1.6615
· yr	1.0442	1.8070

1.6753 1.6575 1.8818 0.5

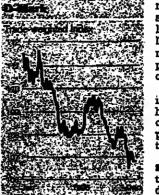
D-Mark at SFr0.858, from for Economic Co-operation. SFr0.857 on Wednesday. and Development said yes-The pound softened terday in its latest economic

shrank by a higher than neth Clarke, the chancellor, tries said the yen's effective would raise UK interest 33 per cent depreciation ber, to the lowest monthly rates after his January 15 since its 1995 peak was help-figure in seven months. In monetary meeting with Mr ing to sustain the Japanese

> The competitive position of most European exchange 0.5 pfennigs against the rate mechanism currencies D-Mark to DM2.594 and 1 within the European Union cent against the dollar to had improved, the OECD \$1.663. Currency strategists said. This was because the said that for the second time pound, the lira and the Swedish krona had continued to recover the ground lost in early 1995, while the D-Mark and French franc were largely unchanged in

effective terms since May. The dollar had appreciated marginally since the OECD's last report in the summer. This was becaus large rises against the yen and the Mex-ican peso had offset small declines against the Canadian dollar and most currencies in the ERM.

> 8,4954 2,509 0.5 0.9978 0.8



Another surge in the Swiss franc could keep the Swiss economy mired in its long stagnation, according to the OECD.

The organisation forecast that Switzerland's gross domestic product would resume growing in 1997, led by exports, which suffered after the Swiss franc appreciated by 19 per cent in the past four years. This year the Swiss National Bank has

Dec 19

84.8



pean currency could send the Swissie higher again. ■ Japan's foreign exchange transactions will probably be deregulated on April 1, 1998, said Mr Kisuke Sakakibara, director general of the Jepanese finance ministry's

international finance bureau, yesterday. He said he hoped the deregulation would increase

-		4	سجوتنات	-		
Dec 19		Ł			\$	
Czech A	45.5471	-	45,6078	27.4050		27,4250
Hargery	258,064					
720	4988.00	-	4955.00	3000.00	-	3000.00
CHARLE	0.4978	•	0.4989	0.2995		0.3000
Potend	4,7550	-	4,7612	2.8610		2.8630
Resets	9220,78	-	9229.65	5548.00	-	5550,00
UAE	6.1042	•	6,1084	3,6728		3.5731

and promote deregulation in level of SFr80.50 against the fields such as tax and securimeans of a loose monetary anese officials said the policy which is scheduled to deregulation could increase worldwide uso of the yen. But the OECD warned that One aim of the move is to investors seeking safe boost the size of the Tokyo forex market nearer to that of London and New York.

> The Bundesbank is trying to give teeth to the stability pact agreed for Emu last

Mr Hans Tietmeyer, Bundesbank president, yesterday followed Mr Otmar Issing, the bank's chief economist. in saying that nations had to implement the pact strictly. The pact gives politicians more discretion than Ger-many would have liked on whether or not to fine countries running excessive bud-

get deficits. Mr Tietmever said vester day. "It is very important to (of the pact) will be made more concrete."

MONEY RA	TES							
December 19	Over	One month	Three critics	Sb: miths	Ages, Cue	Lomb,	Dis. rate	Repo
Reigium	3	31	31	34	3.L	6.00	2.50	_
France	34	3	34	3	31	3.15	-	4.75
<u>Germany</u>	32 51	34	82	82	314	4.50	250	6.00
relend "	5	574	55	6	67	-	-	5.25
tmly	74	714	82	623	84	9.00	7.50	7.39
Netherlands	27	31	3	8	31/4	-	5.00	3.30
Switzerland	1	21/6	24	25	57	-	1,00	-
JS.	54	512	54	5%	瘗	-	5.00	-
lapan	₩.	4		14			0.50	
S LIBOR FT Lor	ndoe							
oterbank Fixing	-	52	53	5%	52	-	-	-
IS Dollar CDs	_	4,97	5.07	5.17	5.37	-	-	-
CU Linked Ds	-	48	48	48	44	-	-	-
SDR Linked Ds	-	37	84	376	34	~	-	-
LIBOR Interbenk eference banks at 1 Machbard, Barcleya Mici ratas are shown fi	Tage of	str workin scal West	g day. Ti	no banka	ara: Be	nions Tru	st, Benk	of Toky

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Short hom m							318 - 016						
E THREE	EONTH	PMOR FL	TURES	MATTER	us interter	k offered m	be .						
	Open	Sett price	Change	High	Low	Est. vol	Open int.						
Mar	96.69	96.69	-0.01	96,71	95.68	16,775	68,855						
Jun	98.86	96.66	-0.01	95.68	96.63	6,998	36,469						
Sep	96.60	96.56	-0.02	96.61	96.56	4,095	27,753						
S THE	MONTH	EUROMA	RK FUT	URCES (L.	FFE)* DM1	m points of	100%						
	Open	Sett price	Change	High	Low	Est. vol	Open int.						
Mar	96,88	95.68	-0.02	96.89	96.85	37957	209494						
Jun	96,82	96.80	-0.02	26.83	96.76	26203	167501						
Sep	95.68	95.68	-0.01	96.69	96.64	21034	136632						
Dec	96,45	96.47		96.48	96,43	14389	123822						
E ONE M	MUH E	UROMARK	FUTUR	ES (LIFFE	DM3m	points of 10	0%						
	Open	Sets price	Change	-	Low	Est. vol	Open int.						
Jan	86.91	96.90	-	96.91	96.90	672	10502						
Feb	96.92	86.81		96.92	95.91	292 100	9202 2438						
Mar	96.91	96,92	+0.01	96.91	96.91		667						
Apr 96.69 - 0 667 IN THREE INCOME EUROLIPA FUTURES (LIFFE) L1000m points of 100%													
- 1 Hitter			_										
	Open	Sett price	_	-	LOW	Est, vol	Open int,						
Mar	93.59	93.59	-0.04	93.69	83.58	10720	94618						
Jun	93.99	93.97	-0.03	94.01	93.96	2856	53601						
Sep	94.11	94.10	-0.02	94,13	94.09	2276	29382						
Dec	94,12	94,10	-0.02	94.12	94.09	812	15732						
THREE S	ONTH E	IRO SWISS	FRANC F	DIVINES P	SFrin	comes of 10	0%						
	Open	Sett price	Change	_	Low	Est, vol	Open Int.						
Mar	98.14	28.09	-0.05	98.14	98.09	4750	43799						
Jun	98.05	98.03	-0.05	98.07	98.02	2201	18348						
Sep	67.92	87.92	-0.02	97,94	97.90	984	7304						
Dec	87.72	97.72	-0.01	97.73	97.70	493	3418						
E THREE		EUROYEN											
	Open	Sett price	Change		Low	Est. vol	Open Int.						
Mar	99.47	99.46		99,47	99,46	681	11/8						
Jun	99.41	99.40	+0.03	98.41	99.41	644 300	n/a						
Sep Tuest	99,31	99,31 ECU FUTI	+0.06	88.31	1E.99		n/a						
- Parame	MONITO	EGO FOI			пи рогиз								
	Open	Sett price	Change		Low	Est. vol	Open int.						
Mar	95,94	95.95	•	95.96	95.93	1249	9441						
Jun	95.98	95.98	-0.01	95.97	95.95	221	4639						
Sep	95.92	95.92		95,93	95.89	136	3011						
Dec	95.79	95,80	+0.01	95.80	95,77	407	3073						
- LIFFE future	* LEFE futures also readed on APT E. Etteron III.a. contribute: (I. EEEE) 1000co colote of 1000c												
EUROLIRA OPTIONS (LIFFE) L1000m points of 100%													

BASE LENDING RATES

Adject & Company 8.00 Cyptus Propers can: 5.00 Page Stockins 6.00 Allied Trust Barris 8.00 Duncan Lawrie 5.00 Page Stockins 6.00 Page Stockins 6.0

Berk of Berods 5.00
Bance Bittes Vizzaya 5.00
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Bark of Bengla 5.00 Shotest Fleming 8. Ge 5.00 Globank 5.00 Back of 8.00 Globank 5.00 Back of 8.00

The Co-operative Banks.00 Mildered Bank 6.00 Couzer & Co. 6.00 Mount Crede Corp 6.25

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5.9790 5.9232 5.9596 1.8 5.9412
4.6599 4.6186 4.6488 2.3 4.6301
5.2607 5.2555 5.2623 1.9 5.2443
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248.000 237.300 249.085 -7.5 251.655
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532.2030 31.9120 32.1 2.2 31.9725
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6.5295 6.4477 6.4822 0.7 6.4768
157.860 156.050 157.69 -1.8 157.985
131.600 130.420 131.535 -0.9 131.705
6.8804 6.3310 6.8556 0.5 6.846
1.3410 1.3265 1.3354 3.4 1.3276
1.5753 1.6575 1.5618 0.5 1.6591
1.2407 1.2322 1.2349 -1.3 1.238 104.2 105.0 106.7 84.4 107.8 108.8 66.3 102.4 78.0 105.0 104.9 99.9 95.1 78.2 87.9 10.9788 +0.0985 759 - 318 \$2,1600 +0.125 400 - 800 5,8665 +0.0222 675 - 985 4,876 +0.0197 552 - 599 5,2707 +0.0197 702 - 712 1,5901 +0.0057 597 - 604 247,590 +1.29 480 - 580 1,6353 -0.0102 525 - 540 1533.85 32.1800 1.7511 6.4860 +4.7 350 - 420 +0.125 400 - 800 +0.0071 507 - 514 +0.011 850 - 870 157,485 151,435 6,8586 1,3392 1,6625 1,2335 +0.655 480 - 510 +0.56 410 - 480 +0.0076 545 - 620 +0.0075 387 - 397 -0.01 620 - 630 -0.0043 330 - 339 -0.0001 998 - 998 +0.0004 380 - 383 - 665 - 670 +0.023 650 - 700 0.9998 1.0378 1.3660 7.8650 0.9998 1.0382 1.3688 (Peso) (FS) (CS) (New Peso) (S) 0.9998 1.0383 1,3700 Canada Merico USA Pacific/Middle Australia Hong Kong East/Africa (AS) 1.2602 (HSG) 7.7386 (Fe) 35.8500 (SN4) 3.2789 (Y) 114.040 (MS) 2.5247 (PISO) 28.2950 (SS) 3.7505 (SS) 1.3991 (F) 4.5715 (MG) 844.250 (TS) 27.5015 (ED) 25.8000 1.2617 -1.4 1.2638 -1.1 1.2691 -0.7 96.0 7.7364 0.0 7.7369 0.0 7.75 -0.1 -36.065 -7.2 36.525 -7.5 - . . 113.565 5.0 112.56 5.2 2.5276 -1.4 2.533 -1.3 1.4202 -4.7 1.4245 -2.8 New Zeeland Philippines Saudi Arabia 27.5020 27.4990 27.5016 0.0 27.5018 25.5100 25.5860 25.68 -42 25.857c

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CROS	S RAT	ES AN	ID DE	RIVA	TIVES	ŝ												
XCH4	NGE (ROS	RAT	ES			• •											
Dec		BFr	DIG	PFr	DM	改	· 1.	H	NK	6	Pter	SKr	SFT	£	C\$		Y	Ecut
elgkan	(BF	100	18,56	16.39	4.851	1.881	4769	5.444	20.16	489.6	408.6	21,32	4,163	1.870	4.249	3.110		2.521
orv;wrk	(DK		10	8.831	2.614	1.014		2.934	10.86	263.6 296.8	249.3	11,49	2,243	1,008	2.290	1.576 1.898	191.1 216.4	1.358 1.538
eccheny eccheny	(FF)		11.32 3.825	3.378	2.800	1.148		1.122	4,156	100.9	84.23	4.395	0.858	0.386	0.876	0.641	73.09	0.520
alayd	(6		9,864	8.711	2.579	1	2535	2.894	10.72	260.2	217.2	11.33	2.218	0.994	2.25B 0.089	1,653		
ely etherient	ts (F		3,409	3.010	0.102	0.039		0.114	0.423 5.703	10.27	8.589 75.06	3.916	0.067	0.344	0.780	0.571	65.13	0.463
OLMAN,	(NK		9.205	8.129	2.408	0.833	2365	2,700	10	242.9	202.7	10.58	2.065	0.928	2.108	1.543	175.9	1.250
ortugal	(6		3,790	3.347	0.991	0.384		1.112	4.118	100. 119.8	83.46 100.	4.354 5.217	1.010	0.382	1,040	0.635	72.42 86.77	0.515
paks weden	(Ptr		8.704	4.011 7.587	2.275	0.882		2.554	9.456	229.6	191.7	10	1.953	0.877	1.993	1,459	166.3	1,182
officertain	d (SF	24,02	4,458	3.937	1.165	0.452	1146	1.308	4,843	117.8	98.16	5.121	1	0,449	1.021	0.747	85.18	0.606
K	(1		9.923	8.763 3.857	2.594	1.006 0.443		2.911	10.78 4.745	261.8 115.2	218.5 96.17	11.40 5.078	0.980	0.440	2.272	1.663 0.732	189.6 83.45	1,348
arrada S	(C)		5,967	5.268	1.560	.0.605	1533	1.750	8.482	157A	131.4	6.855	1.339	0.601	1.366	1	114.0	0.611
IPAN .	Ċ	28.20	5.234	4.622	1.368	0.531		1.535	5.688	13B.1	115.2	6.013	1.174	0,527 0,742	1.196	1.234	100, 140,7	0.711 1
DIE Wieb Konce	or, French F	39.67 mrs. Nors	7.361 recina Kro	6.501 net, and 5	1.924 Seetlett J	0.746 Cronor D		2.150 utan Franc.	7.997 Yen, Esc	194.2 mio, Lita	162.1 and Pass	8.457 ta per 100	1,651	0./44	1-000	1-234	140,7	'
												FUTURE		Van 12	- Va	s 100		
D-MAN	K FUTUR						·		. ===			-	Chang		<u> </u>		Est. yol	Open in
	Open	D.B442	-0.003	_			Est. vol 10.420	Open int. 47,088	Mar		Open 0,8910	D.886B	-0.004				10.853	53,105
er m	0.6480 0.6495	0.6484	-0.003			482	23	4,347	Jun		_	0.8995	-0.002	8 0.90	27 0.4	8995	12	1,228
NO.	-	0.6550	-	-		-	50 .	1,693	Sep		-	0.9138	-	0.91	40	-	2	36
Swiss !	FRANC F	UTURGES	(MM) SI	125,00	0 per S	Pr				THELIN	G FUTU	PLES (PAR	M) £82,5	00 per 2				
														_				
-	0.7582	0.7530	-0.004	0.750	10 0.7	815	13.852	43,751	Mar	1	.6720	1.6568	-0.013	6 1.57	26 1,5	5530	10,208	25,515
D .	0,7582 0,7600	0.7530 0.7603 0.7655	-0.004 -0.004 -0.006	4 0,761	2 0.7	815 585 855	13,852 39 21	43,751 1,584 1,800	Jun Sap		.6502	1.6502 1.6500	-0.018 -0.012	4 1.65 2 -	1.0	8502 6500	11 15	25,515 2,150 1,027
ab Bu		0.7603 0.7655	-0.004 -0.006	4 0,761	2 0.7	585	39	1,584	Jun	is Eu		1,6502 1,6500 EAN C	-0.018	4 1.65 2 -	10 1.4 1.1 UNIT	6502 6500 F RAT	11 15	2,150 1,027
n P UK IN	0.7600	0.7603 0.7655	-0.004 -0.006 TES	0,761	2 0.7	585	39	1,584	Jun Sep Dec	IS EU	ROPE Ecu ca	1.6502 1.6500 EAN C	-0.012 -0.012 URRI	ENCY Change on day	UNIT	8502 6500 F RAT 	11 15 % spres v worste	2,150 1,027 ad Div.
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UK (N ONIDO se 19	0.7600	0.7603 0.7655 T. RA NEY F Over-	7 days	One mon	12 0.7 0.7 th mo	585 855 estima - 6,3 6	Six months	1,384 1,800 One year 7 - 8%	Sup Sup Dec Irale Finis Port Spei	IS EU	ROPE Ecu co rates 0.7987 5.8547 197.33 163.83	1.6502 1.6500 EAN C an F a again 29 0.7 24 5. 26 19	-0.012 -0	ENCY Change on day +0.00124 +0.0026	UNIT 9 % + 7 C87 13 -1 13 -1	5.81 1.06 0.77	7.85 2.87 2.87 2.87 2.87 2.87 2.88	2,150 1,027 ad Div. sst ind. 39 7 5
UK (K) OPIDO oc 19 serbenk Storing CD:	0.7600	0.7603 0.7655 T RA NEY F Over- night	7 days	One mont	12 0.7 0.7 0.7 0.7 0.7 0.7 0.7 0.7 0.7 0.7	7585 1855 1855 1855 1856 1856 1856 1856 1	39 21 Six months	1,584 1,800 One year	Sup Sup Dec Irole Fints Port Spei itsly	IS EU	ROPE Ecu co reser 0.7987/ 5.8547 197.30	1.6502 1.6500 EAN C an spai 29 0.7 24 5. 26 19 48 19	-0.012 -0.012 URRI Fate 192 Ecu 52306 79232 95.873 93.423 908.96	ENCY Change on day +0.00124 +0.0025	UNIT 9 % + 7 C67 13 -1 13 -1 13 -1	6502 6500 F RA7 	7.85 2.67 2.38 1.84	2,150 1,027 ad Div. sst inc. 39 7 5
UK (N ONIDO oc 19 serbank St orting City ansury Bill ank Bills	0.7600	0.7603 0.7655 T. RA NEY F Over- right 6 ¹ 2 - 5 ² 6	7 days notice 511 - 51	One mont	12 0.7 0.7 0.7 0.7 0.7 0.7 0.7 0.7 0.7 0.7	7585 1855 1855 1856 1856 1856 1856 1856 1	Six months Six - 612 Six - 613 Six -	0ne year 7 - 87, 613 - 614	Jun Sep Dec Irole Fints Port Spai italy Neth Belg	IS EU 10 10 10 10 10 10 10 10 10 10 10 10 10	ROPE Ecu co reses 0.7987/ 5.8547 197.3 193.8 1906/ 2,1897 39.715	1.6502 1.6500 1.6500 8n. F 1 agai 29 0.7 24 5. 98 19 26 19 48 19 79 2. 91 44	-0.018 -0.012 URRI Sate ngz Esu 52306 79232 35.673 53.423 908.96 17852 0.0008	ENCY Change on day +0.00124 +0.0024 -0.0 -3.1 -0.0034	UNIT 140 1.41 1.41 1.41 1.41 1.41 1.41 1.41	5502 6500 F RAT 	11 15 % spres v words 7.85 2.67 2.38 1.84 1.46 1.18 0.87	2,160 1,027 ad Div. sst ind. 39 7 5 2 -1 -3
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OPED CONTROL TO THE CONTROL CO	0.7600 UERES PN MO Inting Is rity depa. Interest depa	0.7603 0.7655 TF RIA NEY F Over- night 6 ¹ 2 - 5 ⁷ 6 - 5 ⁷ 8 - 5 ¹ 8 6 ¹ 2 - 5 ⁷ 9	-0.004 -0.008 7/ES 7 days notice 5½ - 5½ 6 - 5%	0.761 One mont	12 0.7 0.7 0.7 0.7 0.7 0.7 0.7 0.7 0.7 0.7	7585 7655 7655 7656 7656 7656 7656 7656	50x montra \$2 - 612 12 - 612 12 - 612	0ne year 7 - 87, 613 - 614	Jun Sep Dec Jrole Finte Port Spal jtaly Neth Belg Gerr Assat	IS EU 10 nd and agel a seriends lare	ROPE Ecu co miss 0,7987/1 197.3 163.8 1906. 2,1897 39.715 1,925 13,544 7,3453	1.6502 1.6500 1.	-0.018 -0.012 -0.012 -0.012 -0.012 -0.012 -0.012 -0.012 -0.012 -0.012 -0.012 -0.012 -0.002 -0	ENCY Change on day +0.00120 +0.0020 -0.000 -0.0004 +0.0020 +0.0020 +0.0020	UNIT 14 14 15 15 15 15 15 15 15 15 15 15 15 15 15	5502 6500 F RAT 	11 15 % spreiv v woxin 7.85 2.67 2.37 2.38 1.84 1.46 1.18 0.87 0.87 0.87	2,160 1,027 ad Div. sst ind 39 7 5 5 1 -3 -6 -8 -8
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CONTO C TO TO THE CONTENT OF THE CO	0,7600 LEGIS NI MO Intitle depa. Inter depa.	0.7603 0.7655 ST RA NEY F Over- night 6 ¹ 2 - 5 ⁷ 6 6 ¹ 2 - 5 ⁷ 6 1 landing i	7/ES 7 days notice 613 - 51	0.761 One mod	2 0.7 0.7 0.7 0.7 0.7 0.7 0.7 0.7 0.7 0.7	7585 7655 7655 7656 7656 7656 7656 7656	39 21 50x months 612 612 612 612 612 612 612 612 612 612	1,584 1,800 One year 7 - 82 62 - 63 8-7 8-12 months	Jun Sep Jun Se	IS EU 10 10 10 10 10 10 10 10 10 1	ROPE Ecu co rester 0.7987/ 5.857-1 197.3 163.E 1906.2 2,189-2 19.54 7.3457 6.459 EMBERS 295.2 0.79310	1.6502 1.6500 1.6500 6n. Fa again 109 0.7 28 11 28 11 73 1. 85 12 85 12 85 3. 85 3.	-0.018 -0.012 -0	ENCY Change on day +0.0012 +0.0012 +0.002 +0	UNIT 1.1.1 UNIT 1.5 1.5 1.5 1.5 1.5 1.5 1.5 1.5 1.5 1.5	5502 5500 F RAT 	7.85 7.85 7.85 2.67 2.38 1.84 1.46 1.18 0.87 0.80 0.77 0.45 0.00	2,160 1,027 ad Div. sst ind. 39 7 5 2 -1 -3 -8 -8 -19
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ONLING ON	0,7600 ITERS IN INCO INTERS INTERS	0.7603 0.7605 0.7605 0.7605 0.7605 0.7605 0.7605 0.00000 0.0000 0.0000 0.0000 0.0000 0.0000 0.0000 0.0000 0.0000 0.00000 0.0000 0.0000 0.0000 0.0000 0.0000 0.0000 0.0000 0.0000 0.00000 0.0000 0.0000 0.0000 0.0000 0.0000 0.0000 0.0000 0.0000 0.00000 0.00000 0.00000 0.0000 0.00000 0.00000 0.00000 0.00000 0.00000 0.00000 0.00	-0.004 -0.006 7755 7 depa notice 512 - 51 6 - 57 9 - 57 13, 8,004 -0.006 13, 8,004 -0.006 13, 8,004 -0.006 13, 8,004 -0.006 -0.006 -0.006 -0.006 -0.006 -0.006 -0.006 -0.006 -0.006 -0.006 -0.006 -0.006 -0.006 -0.006	One mont to the control of the contr	2 0.7 0.7 0.7 0.7 0.7 0.7 0.7 0.7 0.7 0.7	7985 6855 - 64, 6 - 64, 6	33 21 50 51 52 - 61 53 - 61 54 - 61 55 - 61 64 - 61 51 14 - 61 51 14 - 61 51 14 - 61 51 14 - 61 51 51 51 51 51 51 51 51 51 51 51 51 51	1,384 1,800 One year 7 - 82 613 - 63 9-12 months 43 months 97,87pp.	Jun Sop Jun So	IS EU 10 nd sad uggel a seriends large from many rise seriends large from many rise series	CS02 FOPE Edu of make 0.7987/ 5.8543 197.3 1906 2.1897 39.711 1.925 13.549 6.459	1.6502 1.6500 1.	-0.018 -0.012 -0.012 -0.012 -0.012 -0.012 -0.012 -0.012 -0.012 -0.012 -0.012 -0.013 -0	ENCY Change on day +0.00126 +0.0026 -0.005 -0.005 -0.005 -0.005 +0.0026 +0.0026 +0.0026 +0.0026 +0.0026 +0.0026	UNIT 1.1.1 UNIT 96 + 1.5 139 - 1.6 139 - 1.6 159 -	8502 6500 F RAT 	11 15 96 spreit v woode v woode 7.857 2.38 1.84 1.48 0.87 0.77 0.45 0.00 -2.65 7.58 relatives se segurar site of the relative se segurar site of the relative se segurar site of the relative set of the relat	2,160 1,027 ad Div. sst ind. 399 7 5 2 -1 -3 -6 -8 -13
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E US TREASURY BELL PUTURES (MALA) Stm per 100%

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Notice to holders of the U.S.\$200,000,000 Guaranteed Subordinated Floating Rate Notes due 2003 (issued on 26th May, 1993) and of the U.S.\$200,000,000 Guaranteed Subordinated Floating Rate Notes due August 2003 (issued on 25th August, 1993), in each case issued by CS First Boston Finance B.V. (formerly known as CSFB Finance B.V.) and guaranteed by CS First Boston, Inc. (formerly known as CS First Boston Group, Inc.)

Jun

0.23 0.31 0.40

Notice is hereby given pursuant to Condition 14 of the Notes of the above issues and clause 8 of the guarantees dated 26th May, 1993 and 25th Angust, 1993 respectively relating to such issues (the "Goarantees") that CS Holding, a company duly incorporated and validly existing under the laws of Switzerland, will be substituted for CS First Boston, Inc. (formerly known as CS First Boston of Condition 14 of the Notes of each issue and clause 8 of each Guarantee.

The substitution of guarantor will become effective on 31st December, 1996. From that date, CS Holding will be duly bound by the provisions of the Guarantees and shall guarantee to the holders of the Notes of each issue and the respective Compone the due and punctual payment of the principal, interest or any additional amounts payable pursuant to the Terma and Conditions of the Notes of each issue under the terms of the

A copy of the Assignment and Assumption Agreements, dated 5th December, 1996, providing for the substitution of guarantor will be deposited with the Fiscal Agent, Morgan Guaranty Trust Company of New York.

Company of New York.

CS Holding is heing substituted as the guaranter in connection with the restructuring of its principal businesses into four units. Swiss domestic banking, private banking, asset management and corporate and investment hanking, Legally, effective lat January, 1997, these four units will be grouped under two Swiss banks: Credit Suisse (known prior to Lst January, 1997 as Swise Volkabank) and Credit Suisse First Boston (known prior to Lst January, 1997 as Credit Suisse). Credit Suisse First Boston will be the principal stockholder (and own all of the voting stock) of CS First Boston. Inc. and will be the indirect parent company of the lasuer of each of the above issues of Notes.

Effective 1st January, 1997, (i) CS Holding shall be known as Credit Suisse Group, (6) CS First Boston, Inc. shall be known as Credit Suisse First Boston, Inc. shall be known as Credit Suisse First Boston, Inc. shall be known as Credit Suisse First Boston, Inc. shall be known as Credit Suisse First Boston, Inc. shall be known as Credit Suisse First Boston, Inc. shall be known as Credit Suisse First Boston, Inc. shall be known as Credit Suisse First Boston, Inc. shall be known as Credit Suisse First Boston, Inc. shall be known as Credit Suisse First Boston, Inc. shall be known as Credit Suisse First Boston, Inc. shall be known as Credit Suisse First Boston Finance B.V.

Following the above changes, the above Notes, as guaranteed by Credit Suisse Group, will remain listed on the London Stock Exchange under the new name of the Issuer, Credit Suisse First Boston Finance B.V., and they will neither be over-stamped nor

20th December, 1996

C\$ Holding

BOMBRIL S.A.

(the "lasuser")

Notice of the result of voting on the repollution considered at a mosting of the holders of the U.S. \$83,000,000 8 per cent. Senses A Notes due 1988 and U.S. \$57,000,000 8 per cent. Senses A Notes due 1988 and U.S. \$57,000,000 8 per cent. Senses B Notes due 1988 of the Issuer (the "Noteholders" and the "Noteholders convened by the Issuer and held at the offices of Allen & Overy, I Now Chenge, London Sec44 900 on Friday, 6th Decorber, 1986 at 2.30 pure. London then, the Extraordinary Resolution (the "Extraordinary Resolution (the "Extraordinary Resolution (the "Extraordinary Resolution of Allen & Overy, I Noteholders (the Noteholders) convening the Meeting was considered. The hocassary quorism was achieved and the Meeting proceeded, is order for it to be duly passed, not less than three quarters of the votes cast sted to be in tensor of the Extraordinary Resolution. Of 1,549 where in through of the Extraordinary Resolution and, this being less than three quarters of the votes cast, the Extraordinary Resolution or of the Extraordinary Resolution or of the Extraordinary Resolution to be passed does not of heat mean that an

Resolution was not passed.

The feature of the Euracedinary Resolution to be passed does not of itself mean that an Evert of Default has occurred, in order for an Event of Default to aske and the Notes to be declared due and payable as a consequence of the circumstances referred to in the Edwardshap Resolution (the Relevant Circumstances) for Trustee would need to carrily that the Relevant Circumstances are in its opinion materially prejudical to the interests of the Noteholders as a class. The Issuer is of the view that the Relevant Circumstances are not materially projudical to the interests of the Noteholders as a class. The Trustee were supported to the Noteholders are a class. The Trustee will be the Noteholders are a class. The Trustee is presently considering whether it concerns with the leasure's view and hopes to have completed its consideration by the end of January 1997.

PRINCIPAL PAYING AGENT Banque Indosuez Luxembourg 39 Allee Scheller, L-2520 Luxembo

This Notice is given by: Boostaril S.A. Av. Brig. Favia Lirra, 888-12* CEP 01473-900 São Paulo, Brazil

Dated 20th December, 1996

COMMODITIES AND AGRICULTURE

to resuscitate mining sector

By Justin Marozzi in Manila

The Philippine government sustainable mining which yesterday passed new amendments to mining legislation, designed to resuscitate the industry after one of

its worst years. The revised provisions were introduced after a serious accident earlier this year, when Marcopper, a local company 40 per cent owned by Placer Dome of Canada, leaked 20m cubic metres of tailings (waste) into a river from its copper mill in Marinduque, on Boac island. As a result, all but two of the 70 applications from foreign mining companies for exploration licences

were frozen. It was e significant setback to the sector, which was only opened up to 100 per cent foreign-owned companies the previous year. Mining receipts have since dwindled to 4 per cent of Philippine exports for the first three quarters of 1996. from 25 per cent 10 years

The new revisions, which follow six months of consulthat companies allocate 10 per cent of initial costs for enviroumental improve-

They will also have to set aside e further 3-5 per cent of mining and milling costs for an environmental protecis likely to be audited annu-

An annual payment of at least 1 per cent of mining and milling costs must also be paid towards "the devel-opment of the host and neighbouring communities". The fine payable in the event of spillages is raised 50 pesos (about US\$2).

Mr Victor Ramos, secre-

COMMODITIES PRICES

BASE METALS

tary of state for the environment, said the new rules introduced the concept of was "economically productive and environmentally

friendly". "The mining companies will really have to do a quality job now," he said.

Other requirements include e minimum investment of \$50m for infrastructure and development, and an increase in the capitalisation requirement from \$1m to \$4m prior to exploration. Representatives of foreign mining companies, who had been flercely critical of the

proposed changes earlier this year, geve e cautious welcome to the revised act. "This is definitely a step in the right direction, but it is not going to resolve all the

said Mr Malcolm issues," Norris, chairman of the International Mining and Exploration Committee. "We must now face the reality of dealing with the financial or technical assistance agree-

FTAAs, where companies are licensed to explore up to 81,000 hectares at a per-hecttation, include a stipulation are fee, can only be granted after the government has decided on the precise fiscal regime to be employed, including important issues such as revenue-sharing and taxation levels.

One mining executive said the revised act was "dodging tion programme that the main issue. It makes no mention whatsoever of the fiscal regime".

Mr Horacio Ramos, director of the mines and geosciences bureau, said there were about 100 applications waiting to be processed.

Of these, seven were ready to be approved for FTAAs in February, subject to negotiation, which would pave the way for the long-awaited

Philippines acts | CBOT ordered to revamp contracts

By Laurie Morse in Chicago

The Commodity Futures Trading Commission, the chief US futures market regulator, yesterday ordered the Chicago Board of Trade to take immediate action to revamp its delivery system for grain and soyabean futures contracts, to limit the potential for market manipulation.

The CBOT's grain futures contracts, the world's busiest, are contracts for physical delivery, mainly in the Chicago area. The contract design has

become outdated as the flow of grain in the US bypasses Chicago. Only a handful of registered warehouses remain, with capacity for deliverable grain supply in the Chicago area limited to about 14.7m bushels.

The threat of physical delivery is one of the main elements that discourages traders from attempting to "corner" or "sqoeeze" e commodity futures market. Both the CFTC and the CBOT have responded to the

deteriorating delivery situation by increasing market surveillance, particularly when contracts are expiring.
The CBOT has tried repeatedly during the past

tract delivery rules, but members have resisted. Its contracts. most recent proposal was rejected in a members' ballot

in October. The Commission is now said that if the CBOT failed to come up with "appropriete changes" for its maize and eoyabean contracts within 75 days, it would exercise its right to dictate new rules for the exchange.

days for the wheat futures

To emphasise the seriousness of the issue, the CFTC has halted new contract listings at the CBOT until delivordering a rule revision. It ery specifications are revised

The CBOT said that the exchange "is eager for a solution as soon as is practicably possible."

However, it added that the delivery issue is a complex

diversity of opinion among our membership". • The Chicago Mercantile Exchange has chosen Mr T. Eric Kilcollin, e 15-year exchange veteran and an

economist trained at the

University of Chicago, to be

its next president. Mr Kilcollin will assume

the top administrative post in February, when Mr William Brodsky, the CME's current president, leaves to Board Options Exchange. M Kilcollin has most recently been executive vice-presi dent of business development at the exchange. He returned to

exchange after two years as chief executive officer of the Investment Services Group of Wells Fargo Nikko Advisors (now Barclays Global

Investors). He was the CMB's chief

operating officer from 1990

ing weather problems with

world prices have moved

up," said Mr James Dunster-

ville, a grain consultant in

Internal EU prices for

grains have also remained

firm, and the Commission

does not want to see the

market overheated by high

on signs of supply tightness

MARKETS REPORT By Ken Gooding and Deborah Hargreaves

On the London Metal Exchange signs of supply tightness re-emerged in the copper market. The premium for copper for immediate delivery, compared with three-mouth metal, increased from \$90 a tonne. to \$103.50. This helped copper for delivery in three months to break through a technical barrier at \$2,150 a tonne to reach \$2,155 in late

trading, up \$41. Mr William Adams, analyst at Rudolf Wolff, a subsidiary of Noranda, the Canadian natural resources group, said the market had been concerned that the premium, or backwardstion. might not be justified by fundamentals. "But if there was a surplus of metal, firm prices should have attracted it on to the market by now.

Three-month nickel, recovering from the 26-month low the day up \$135 a tonne at \$6,775. Mr Adams said nickel needed to reach 26,950 if the upward trend in the price was to continue. Crude oil prices were voletile yesterday, with the market largely driven by technical trading in New York as dealers covered their posi-

tion of the January futures "The Commission doesn't contract yesterday. January crude futures on want to grant a lot of the New York Mercantile licences with high refunds Exchange remained above and then come back from holiday and find the \$26-a-barrel mark, although prices slipped a bit

tions aheed of the expira-

by midday. A stronger US market pulled up North Sea Brent crude pricee in London, where futures prices recovered from a weak start yes terday. But volume has been low in the run-up to

· CI

CBOT has been given 75 days by the CFTC to come up with 'appropriate changes' to its maize and soyabean contracts

Traders surprised by EU grain move

The European Commission yesterday frustrated many erain traders who had hoped for a loosening of grain export policy in the last euction of the year.

The Commission's cereals management committee granted export licences for some 400,000 tonnes of wheat and 237,500 tonnes of barley - roughly half the volume of wheat, and one-third of the barley, that traders had asked to send overseas.

The committee also cut

wheat to the world market, from Ecul7.5 a tonne last week to Ecu12. Barley refunds were trimmed to Mr Guy Legras, the Com-

agriculture, signalled last week he might rein in exports. Some 2m tonnes have been sold in December. The Commission is also

understood to be concerned about attempts to corner the market for export licences. One large exporter was reported to have bought up lower than internal EU the level of subsidies it licences at last week's auc- prices.

allows traders for exporting tion and subsequently offered them at a premium to other traders.

bids to the management wheat prices over the past committee at Thursday auctions, etating how much mission's director-general of grain they want to export and the level of subsidy they require. The Commission then grants licences for certain tonnages at a set refund

The European Union refunds traders for shipping grain to the world market. where prices are usually

The grain trade - and, to a ica's winter wheat crop certain extent, the Commission - have been taken by Shippers generally submit surprise by the turnround in two weeks. A sudden sourt in demand from countries such as India, Turkey and Algeria, and the move to allow Iraq to sell oil in return for buying food and medicines, has underpinned

> Wheat futures prices on the Chicago Board of Trade this week topped \$4 a bushel for the first time since October, as cold weather also led to fears about North Amer-

levels of exports.

LONDON METAL EXCHANGE ALUMONIUM, 99.7 PURITY (\$ per torine)

	Cash	3 milis
Close	1519.5-20.5	1561-52
Previous	1500-01	1532-3
High/law	1574	1555/1541
AM Official	1514-14.5	1545.5-46
Kerb close		1546.5-47
Open Int.	241,052	
Total daily turnover	59,193	
ALUMINIUM AL	LOY (S per to	nne)
Close	1365-70	1385-90
Previous	1350-55	1370-75
High/low	1330-33	1385/1375
AM Official	1351-53	
Kerb close	1931-33	1375-80 1385-80
	F 400	1385-60
Open Int.	5,180	
Total daily turnover	197	
LEAD (S per ton	<u>ne)</u>	
Close	704-5	707-7.5
Previous	692-3	669-70
High/low		713/700
AM Official	698-700	703-4
Kerb close		712-3
Open int.	37,466	
Total daily tumover	9,481	
MICKEL (\$ per to	onne)	
Close	6675-85	6775-80
Previous	6525-30	6620-25
High/low		6780/6680
AM Official	6640-50	6740-45
Kerb close		6775-80
Open int.	48,147	
Total delly tumover	14,574	
TIN IS per tonne	-	
Close	5790-800	5840-50
Previous	5745-65	5800-10
High/low	5799	5860/5825
AM Official	5795-99	5840-45
Kerb close		5840-60
Open int.	15,611	
Total daily turnover	3,824	
M ZINC, special hi	gh grade (\$ p	or tonne)
Close	1034.5-35.5	1058-59
Previous	1029-30	1053-4
High/low	1033.5	1061/1055
AM Official	1033.5-34	1057-57.5
Kerb close		1061-62

LME AM Official 9/\$ rate: 1.6682 LME Closing 9/\$ rate: 1.6628 Spot: 1.8621 3 mile: 1.6589 6 mile: 1.8544 9 mile: 1.6487 ■ HIGH GRADE COPPER (COME)

79,644 21,165

2168-70

2103-4

S COPPER, grade A S per to

101.30 +1.90 101.60 99.40 240 1,328 100.30 +1.70 100.55 98.50 5,721 20,015 89.00 +1.70 98.80 97.30

PRECIOUS METALS I LONDON BUILLION MARKET

369,30-369,70 389.60 389.00 221,30 493,60 222,09 483,91 369,50-369,90 368,80-369,20

an Gold Lending Rates (Vs USS) 1 month 3 months

Spot 3 months 486.35 482.25 S months 309.30 510.25 £ equiv. 221-223

Precious Metals continued GOLD COMEX (100 Troy oz.; \$/troy oz.)

-0.1 370.5 370.0 50 801 -0.1 -0.2 371.7 370.7 13,439 89,917 -0.2 374.0 372.9 794 22,369 -0.2 376.1 375.5 411 15,760 -0.2 - 939 5,424 PLATINUM NYMEX (50 Troy oz.; \$/troy oz.) 119.40 +1.55 119.75 119.70 ---0.7 485.5 482.0 22 63 -0.8 483.0 483.0 5 20 -0.8 - 2 -0.8 481.5 487.5 10,408 54,922

ENERGY

■ CRUDE OIL NYMEX (1,000 barrels, \$/berrel)

23.20 -0.06 23.55 22.99
22.52 - 22.67 22.39
21.52 -0.09 22.04 21.78
21.52 -0.12 21.60 21.22
20.80 -5.17 20.92 20.80

Price change	Figh	Low	Ven	March	
73.45	-0.73	74.50	72.90	22.356	28,002
72.35	-0.48	73.16	71.90	10,839	31,707
69.35	-0.28	69.80	69.00	4,242	13,645
65.36	-0.03	68.00	65.20	1,125	6,839
61.30	-0.83	61.70	59.90	221	5,205
40,051	111,573				

217,75 -1.50 222.25 217,00 5,450 26,157 214.25 +0.50 216.75 213.50 4,148 13,673 207.25 +1.75 208.60 208.00 2,403 6,274 198.25 +1.75 198.50 197.50 1,983 6,281 192.50 +1.75 - - - 2.900 188.00 +1.75 188.50 187.50 291 7.313 8,933 73,065 MATURAL GAS MYNEX (10,000 pmBin; SimpBin)

4.320 +0.245 4.460 3.930 28,373 30,388 3.780 +0.194 3.880 8.515 8,872 31,703 3.175 +0.113 3.212 3.030 2,777 17,189 2.560 +0.060 2.540 2.500 2.360 +0.055 2.400 2.310 NYMEX (42,000 US galls.; c/US galls.)

-0.87 71.40 70.15 19,179 18,015 -0.52 70.10 69.00 7.625 22.558 68.85 -0.48 60.70 68.95 3,904 11,325 70.45 -0.30 70.95 70.20 1,568 5,244 -0.55 69.45 69.45 800 3,318 -0.46 68.70 68.10 1,134 2,909 GRAINS AND OIL SEEDS M WHEAT LIFFE & per tonnel

Satt Day's
price change High Low
98.53 +1.00 96.40 95.75
98.70 +1.10 88.70 97.60
100.60 +1.00 100.60 99.50
102.00 +1.15 101.10 101.10
94.15 +0.75 --98.15 +0.75 95.50 95.50 403.00 +1.90 414.00 402.00 456 933 400.25 -0.56 406.00 396.00 23,861 31,786 374.75 -0.75 \$81.00 \$73.00 \$,83.0 6,159 348.00 -3.00 \$33.00 \$44.00 4,737 18,905 351.50 -2.50 \$56.50 361.00 120 694 361.75 -6.26 367.50 361.50 63 511 MAZZE CBT (5,000 bu min; comm/56b businel) 269.50 -1.75 273.00 267.00 4.510 1,984 266.00 +1.25 269.50 263.25 55,739149.511 267.75 +2.00 268.00 265.00 8,716 54.522 269.75 +1.55 270.00 267.25 9,111 54,749 264.00 +0.75 264.00 261.75 499 5,982 261.75 -262.00 258.50 4,983 36.821

83,711 306,678

BARLEY LIFFE (E per torne) 94.00 +0.25 94.00 94.00 95.75 +0.50 95.75 95.50 97.00 +0.50 - -93.50 +0.50 - -

707.70 +3.70 708.50 701.50 34,236 44,118 704.50 +5.00 705.00 697.50 21,387 47,442 700.50 44,75 701.00 698,75 3,451 25,998 701.25 +4.75 701.50 694.50 5,023 24,855 SOYABEAN OIL CET (80,000lbs; cents/lb) 21.08 -0.16 21.23 23.03 1,514 949 23.32 -0.06 23.43 23.20 11,119 23.37 23.66 -0.13 23.84 23.62 12.218 32.175 23.98 -0.14 24.07 23.95 1,396 14.072 24.27 -0.14 24.01 24.20 2.072 8,517 24.35 -0.07 24.40 24.20 2.072 8,517 24.35 -0.07 24.40 24.20 2.072 8,517 24.35 5.50

SOYABEAN MEAL CET (100 tons; \$/ton) 240.9 -4.1 245.0 240.0 4.290 1.388 230.1 +2.0 230.2 227.5 17.475 24.237 222.7 +2.0 230.0 220.0 8.904 26.106 217.2 +1.2 217.3 215.1 3.895 15.686 216.5 +1.5 216.8 214.1 3.204 16.333 215.0 +1.0 215.0 213.3 75 2.077 8 1,248 - 45 - - 2 3 557 11 1,852

All futures data supplied by CMS. 2,011 18,249

er.

Wool
The impression of a firm close to the
Australian wool selling season before
Civistmes has been slightly undermined by
softer New Zealand sale reports today.
Prices paid for a imited selection of mering
wools were firm, but crossbreds were
cheaper by 1% to 2% and competion was
and an extending the of the officer below. cheaper by 1% to 2% and competition was not so strong. 20% of the offering being held back by growers disastisfied with returns, coupled with renewed strength in starting this is not helpful to hopes of better business in the UK in the immediate tuture. UK problems alam from the threat to export trade from sterling adjustments which reduce competitiveness in highly competitiveness in highly competitives. competitiveness in highly competitive mar-lests. The world wool situation may not be significantly affected but there is wider arousty about currency volatility.

SOFTS

904 6,944 47,844 826 \$30 17,043 944 146 12,186 960 400 8,550 970 209 6,912 1363 5,869 33,469 1365 730 12,803 1409 407 9,478 1434 134 6,735 1445 148 1,567 1461 979 12,672 TOCOA (ICCO) (SDR'afonne

-11 1315 1283 2,596 11,511 -25 1270 1229 3,363 20,639 -27 1232 1183 1,804 5,518 -17 1232 1205 242 2,096 -14 1232 1200 60 1,267

110.30 -1.60 112.20 193.75 4.816 18,315 19.3

WHETE SUGAR LIFFE SATORNEL 903.7 -3.9 308.0 303.5 300.3 -3.8 307.0 303.0 304.8 -3.0 307.5 303.5 901.8 -1.3 303.0 303.5 302.3 -1.1 302.5 303.5 303.3 -1.3 304.8 304.6

894 14,445 265 5,584 92 2,616 17 1,769 5 592 3 382 SUGAR "11" CSCE (112,000fbs; cents/fbs) 10.71 -0.15 10.89 10.8315,843 75,807 10.76 -0.13 10.90 10.70 3,065 31,064 10.75 -0.03 10.85 10.70 2,833 23,707 10.75 -0.07 10.84 10.71 1,172 13,332 10.72 -0.07 10.74 10.88 469 3,956 10.77 -0.07 - 15 654 565 COTTON NYCE (50,000lbs; cents/bs)

75.80 +0.27 75.25 75.57 6.304 24.547 76.34 +0.29 77.40 76.55 1.195 11.204 77.83 +0.38 77.40 77.55 835 7.85 7.40 77.40 +0.27 77.40 +0.40 77.40 77.47 5 471 9.824 ORANGE JUICE NYCE (15,0000s; certs/bs) 88-20 -0.65 90.00 88.15 717 8,900 91.55 -0.70 85.25 91.50 1.500 12.784 94.65 -0.96 96.50 94.86 224 3,353 97.80 -0.85 98.75 87.80 82 736 97.90 -0.95 95.75 97.80 62 736 100.05 -1.73 101.50 101.25 8 271 101.55 +0.50 102.00 102.00 · 3 · 78

VOLUME DATA
Open Interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT., NYCE, CME, CSGE and IPE Grude Oil are one day in arreurs. Volume & Open interest totals are for all traded months.

Routers (Base: 18/9/31 = 100) Dec 16 Dec 18 month ago 1902.8 1863.1 1829.0 ■ GSCI Spot (Base: 1970 = 100)

MEAT AND LIVESTOCK LIVE CATTLE CINE HOLDOODS: porterbal

85.700 +0.102 65.750 55.550 1,925 4,703 83.400 -0.025 68.800 53.375 4,747 34,049 64.452 - 94.800 64.375 1,513 22,673 62.425 +0.075 62.500 62.300 714 9,623 62.205 +0.105 62.300 52.105 435 8,833 98.790 -0.900 80.000 98.700 1,971 2,977 75.175 -0.275 75.700 74.700 2,153 14,269 71.575 +0.950 71.700 71.075 908 5,554 71.700 -0.150 71.950 71.450 336 1,296 57.975 -0.076 67.875 67.500 28 912

77.000 -0.200 77.500 76.550 77.750 -0.250 77.750 77.100 77.850 -0.125 77.950 77.500

LONDON TRADED OPTIONS Strike price \$ tonne - Calls -1550

IN COPPER (Grade A) LME 2250 _

\$24.19-4.24 \$23.81-3.83

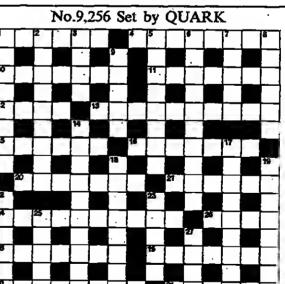
Heavy Fuel Oil Naphtha Jet fuel \$247-248 18,00-18,50 -0,50 n (0171) 359 8792 # OTHER

487.60c \$371,75 \$116,00 108.0c 45.00c 14.56r 270.50 Lead (US prod.) Tin (New York) Cattle (five weight) Sheep (ave weight) Pigs (five weight) 105.28p 133.940 90.34p Lon. day sugar (raw) Lon. day sugar (wie) Seriey (Eng. toed) Melze (US No3 Yellow) Wheat (US Dark North Rubber (Jan)♥ Rubber (Feb)♥ 80.500 80.50p

Coconut Of (Phill) Pains Of (Maloy.) Copra (Phill) 530.0x 505.0 Cotton Outlook'A' Index Woottops (Bis Super)

Rubber (KL RSS Not)

CROSSWORD



True (6)
4 Chase the wild animals (8) 10 Jets alight here? (3-4) 11 A good sausage should be relatively full of interest (7) Some pare apples to get the benefit (4) 13 Lol graphite is being

worked Patience required? (5.5) 15 Gold rush that lasts 31 days? (6) 16 Learner in Henley fashion is a former swimmer (7) 20 A whim to do better food (7) 21 Firm hand wears such a

24 A range of rugged minor 26 in Caucasian moun-28 Fresenter, part of TV chain? (7)
29 Strange poet rig? It boosts his image (3-4)
20 Strange poet rig? It boosts his image (3-4) 30 Starting-price to rise rapidly. Part of a cycle? (8)
31 Go down with rubbish.

glove? (6)

coming back (6). DOWN 1 In which the traffic is at a neak? (4,4) Upset at losing a wistful early memory? (9)

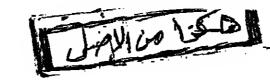
for the infirm, etc (4,4) 6 A certain salt in strange

7 A team apart (5) 8 Master rearranged pupils of equal ability (6) A profit once more (5) ing (no starter) (10)
17 What happens in autumn
first off? Try to listen in (9)

18 Change course. No good going in to beg (8)
19 Used binding-tape subject to a shortage (8) 22 Tip them to exercise deci sive influence (6)

28 Urge force (5) 25 Victor loses head round The Bull" (5) 27 Swimming pool for a game

Solution 9,255





n move

CHOSSWORD

FT MANAGED FUNDS SERVICE

					UNDS SERVI	CE		Offshore Funds
		Bable over the telephone. Call the FT City	line Help Desk on (+44 171) 873 4378 for :	Tiore details.	hil lister Belley Bayley - at 1984 Cloys Price Price - 879		Salling Styling + 12 Years	halliam kalling Burjag + er Tide Green beken Prins - Brit
	OFFSHORE AND OVERSEAS	Prudential Fund Managers (Guernsey) Ltd. Po Pet St. Ci Peter Pet Guerns (1946 70700)	Referablic Asset Minnert - Contri.	LGT Asset Management Ltd - Cooks.	Stoner & Friedbooker law Female trl = Contrl.	Frank Russell Investments (Iroland) Usi	Searci International Inv Co Pic Cont Budy 987,4006	Hill Strengt Fund Higgs - Contd.
	BERMUDA (SIB RECOGNISED)	Promission House, Francis Lief Hanness Barris	International Organia Departs ST-1.071 -0.020 -	### Committee Co	Institute Inst	Proper November 19602 Prop	INC FONDS \$1,4110 1,4614 +0.005 -	System S
	Pidelity Convency Finals Ltd ryadyner Hall, Frankrike, Barments Er Pid Alders 1991 Frieds Claims 1992 44199 Frieds Claim	First Life States 32: 17:19 17:57 - 0.08 6.34 First Area States 32: 33:17 22:19 - 0.08 4.71 First Area States 32: 33:17 22:19 - 0.08 4.71 First Comment States 40:00 4.00 First Area States 40:00 4.00 First De States 40:00 4.00 First De States 40:00 1.00 First De St	CS Access Class	CT D-C	1 forborroader Piezo, Duble 1 2,1300 Europale Enthy 2,1300 Europale Enthy 3,1300 Europale Enthy 4,1300 Europal	State Employ Inc.	UK tojus Tractor 51,8162 1 7612 -0.0007 US Depost 51,051 1 1,1456 48,050 Extra Tractor 504,3179 1,307 48,039 Ethat Subserved Bit Visual 51,113 1,1119 -0.0077	Daryide Bank (CS) U/T Mgrs. 07534-284242
	Principle	Politic No.	You District Comm	67 Indian Sense Dec 10 8.2.2 - 6.00 Finding Sense Dec 10 8.2.2 - 6.00 Find	FRELAND (REGULATED)(**)	Gist Pand Mantagement (Inched) List Shall Remarks Filter. 31.08	Destacin Schoeres	Section Substantial Colonial Product
	Paint In Australia Communication Communi	THILL THIL	Distance Starting Borrol - Triags 10.52 0.52 Latent Fred - Triags 10.52 0.53 Latent Fred - Triags 10.52 0.53 Sinition Fred Miscappers (Benzinse) List Af-plot for Co. 1st	### Span Figure 2. ### \$400 000 000 000 000 000 000 000 000 00	Author Replacement List Author Replacement Replacement Replacement Author Replacement Replacement Replacement Author Replacement Replacement Author Replacement Replacement Author Replacem	Spidrann Sache Usp Uspid Repress pt. \$1.00 — 4.54 Sorden Rouse Reast Management Ltd Sorden Rouse Option	Strip, Service Septima. 35/13/20	Description
	S17.30 18.22 -0.02 -0.03 -0.04 -0.04 -0.04 -0.05 -0.	FACEL RES PROCEINE 4,004 1,05	ELS. Advisors (Banemary) Limited IS 8 Section 19 3 to 10 to 11 to 10 to 10 Yearsafeth Copping Many (Generoscy) List Yearsafeth St Food - CLOP	### 1975	US Optiv Bond	HSBC UK Equity Plac II Pic Survivole	Sheller Fund Pic SLE? Tableer Wortham, & Company Inc State Compan	FO Biol 1925, St. Herber, James 7 "In 1924 (1925) "Incharted Coursey Fe Foremary Ventringh Contrast Feb. Processor Feb Incharte (A.B. St. 1988) 1 200.2 210.2 40.4 4.86 1 200.2 210.2 40.4 4.86 1 200.2 210.2 40.4 4.86 1 200.2 210.2 40.4 4.86 1 200.2 40.4 4.86 1 200.2 40.4 4.86 1 200.2 40.4 4.86 1 200.2 40.4 4.86 1 200.2 40.4 4.86 1 200.2 4.
7	E Festi Sp., Handlor, Filtri, Bartmata Har 11447 202 6370 Gram Der 12	FACT, 10s Telephone 1-1.20 List FACT, 10s 9970 July 4-0,000 2.86 FACT, 50s 9970 July 4-0,000 2.86 FACT, 50s 9970 July 4-0,000 4.86 FACT, 50s 9700 July 4-0,000 4.86 FACT, 50s 9700 July 4-0,000 4.86 FACT, 10s 9700 July 4-0,000 4.86 FACT, 10s 9700 July 4-0,000 July 4-	(SIB RECOGNISED)	of Telecomputation I.E. 2003 10.11 Tel. of Color	Acian Standi Cos Growth Fund (at) Will	Harmon Ireland Ltd ACFOR 50.00	Marinest Commen. SSG.73 -4 84	Connect (2) F 35. (1997) 40874 - Belletted (1998) F 37. (1992) 19808 - 10070 - Belletted (1998) F 37. (1992) 19804 4023 - 10084 (1998) F 37. (1998) 19802 - 10035 - 10084 (1998) 19804 F 37. (1998) 19804 (1998) 19804 F. Oles Ses, Situation, James (2) (1998) 1984 67857
	Adding Ringing our Year Price - Chees Addingtorat Copilini Hanneyeroust Ltd Addingtorat English Hanneyeroust Ltd Addingt Endemor No. 200.28	Could Blass Closer F 0 Interest S 2 1,270 Could Blass Closer F 0 Interest S 2,1457 Could Blass Closer Acc F 0 Interest S 2,1457 Could Blass Closer F 0 Interest S 1,070 Could Blass Closer F 0 Interest S 1,070 Could Blass Closer F 0 Interest S 2,074 Countries Closer F 0 Interest S 2,074 Interest S 2,07	Alls Franch Mannagerreugh Lide All Investigati No., Forsy Prize, Bolin 4 to 2631 697 7077 All Januari Ryad Malarath Pyad Countemph Mannaged. 5 188500 6.0062	Land Expose - 3 51.08 40.07 1.07	Asian Geteropy Fund Pic 107 20453 Anian Growth Fund Pic 1023 -0,23 -	Special Violent Femilie IVIV. \$10.07 +0.14 Investing Asset Management (Prolemit) Ltd 125 Ingle 5	Yellow See Investment Continent PLC NVL Yard Koren Fand See	Smeling Bond* 2
	Remarks bet Invested Magnest List Accions tell One 10, \$20,000 20,100 1.23 Accions tell One 10, \$20,000 20,100 20	New Impair Charles 18-148 18-158	### Faurd Minnespers (Irrainant) Lb6 (n) bit harman (3 rear, Daliki 3 of 2831 790340h of 2831	Lamel Jupita 0 770.55 -1.55		Empan Index A	Yold Talase Fand S1200.04 +13.04 - ISLE OF MAN (SIB RECOGNISED) SERVICE FAMILY FAMI	Sign Deposed Cattor F 8 102.48 100.18 40.07 400 to the control from F 8 102.48 100.19 40.07 400 to the control from F 8 102.48 100.40 40.07 0.18 100.07
1	THE LEGISLATION 11	Total Tota	Enteriord Manuscol Dular S1001.45	Losset Anthews Chine Libyriday Front Pic Losset Dever Lipsking F. 3 (0.0705) 406 Losset Dever Lipsking F. 3 (0.0705) 426 Losset Dever Lipsking F. 3 (0.0704) 421 Losset Research Lipsking F. 3 (0.0704) 4216 Losset Develop Lipsking F. 3 (0.0705) 4206 Losset Develop Lipsking F. 3 (0.0905) 4206 Losset Develop Lipsking F. 3 (0.0905) 4206 Losset Lipsking Lipsking F. 3 (0.0905) 4207 Losset Lipsking F. 3 (0	Unde Arrer Corp Bd	Items for Best St. 57 2.98 -0.32 Items Koren Pond Plo SUV ST.34 -0.13 Items Koren Pond Plo Suv St. 57.34 -0.13 Items Koren Pond Arbitraryo Fand Plo Bod Arbitraryo Successive Su	ALA Equality & Laur (mit Found Mingro Victory No., Prespect No., Designe half	JERSEY (REGULATED)(***) *******************************
	Same	USS	Banik of Cyprins Group 1 historization Floto, Fide Dable 1 269 18700300 200 bibliographical First Blasspoont Ltd 200 Global Equity (d) 1,17506 1,17506 200 Basin Barrasilinani Franci Blasspoonts (Instanti) Ltd 200 Basin Barrasilina Deba Babin (777—202 800) 200 Basin Barrasilina 5 25024 10,78 +2,97 200	Assertine Exemption 51.847 +0.007 40.007 40.007 40.000 51.848 40.000 51.848 40.000 51.848 40.000 51.848 40.000 51.848 40.000 51.848 40.000 51.848 51.	Schipformen \$1.79 12.67 Schipformen \$4.6 0.97 Springer \$4.6 0.97 Springer \$1.12 1.81 Scord Plan \$10.22 11.5 European Crowth \$10.27 11.5 European Springer \$1.02 Euro	Korse Ballmoed Return Fund let 28.27 -0.31 - Korse Bond Fund Pic leg. 88.89 td - Korse ES Fond Pic leg. 87.15 -0.40 - Korsen Capital Growth Fund 35.54 -0.40 -	Add sich Acust (Sh 5 st 3700 1 /4850 4 4881 0 Add Fer East 5 st 3700 2.546 -0.000 0 AD Fer East 5 st 3200 2.546 -0.000 0 AD Fer East 5 st 3200 2.546 -0.000 0 AD Fer East 5 st 3200 2.547 4 4881 0 Fer East 5 st 3200 2.547 4 4881 0 Fer East 6 st 3200 2.4070 4 5 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	Bunk of Southard Officiare Inventore It Francis List Shoring Read Close
	Agent Dear	Bishelife Deliter Account, SCO 501 36.585 - 40.33 - manufact lines (Bala San 44 32.27 - 40.11 22.27 - 40.11 22.27 - 40.11 22.27 - 40.11 22.27 - 40.11 22.27 - 40.11 22.27 - 40.01 22.2	Do 3 Greitanto Delys	Indicated \$1.025 +0.002	Parts Index Pd. \$10,4063	Rose Investment Namegement Ireland Ltd Rose Code Gentsfallt . 30.42 0.42 - Koren Open Fund Ros 40.27 +0.25 - Rosen Special Opportunities Fund Pic 810.31 - Koren Sprint Fund Pic	Bank of Ireland Asset Mingret (IOM) LBi 4 Castin fast Dropes, IOM By I baled Safeg Das 1 1956g 1,0045 44056 4.71 Bale of lyadro literational Purificial learnations (IoM) 3 1,0045 1,2792 -0077 8.61 Frametical Book 3 1 18056 1,2390 -0077 8.61 Frametical Book 3 1 18056 1,2390 -0077 8.61 Frametical Book 3 1 18056 1,2390 -0077 8.61 CSMF Frank Missangers (IoM) Caster Sankhar Hay, Visiona Roud, Dougles, IoM Abbo 1L7 Destrat Sankhar Hay, Visiona Roud, Dougles, IoM Abbo 1L7	Singapore 523.729 24.3624 +0.110 0.6
	Georgia Bogd Selve	GUERNSEY (REGULATED)(**) Salton Price *** That Price *** There All I Marginal Co (Successor) Ltd	Cabal Porticle Scholar 51.5 106.89 -0.43 -6364 Porticle Scholar 51.5 110.81 -0.44 -6364 Porticle Scholar 51.5 110.87 -0.44 -6364 -6364 Porticle Porticle Porticle Scholar 51.08.47 -0.39 -8464 Porticle Porticle Porticle Scholar 51.08.47 -0.39 -6364 -6364 -6364 Porticle Porticle Porticle Scholar 51.42.21 -0.47 -6364 Porticle Porticle Scholar 51.42.21 -0.47 -6360 Porticle Porticle Scholar 51.00 Porticle Scholar 51	'Can' Tues	t make it Monday. day Pm in Scotland.	Korea Strategic Growth Fund MW	Discrete	South First Folia
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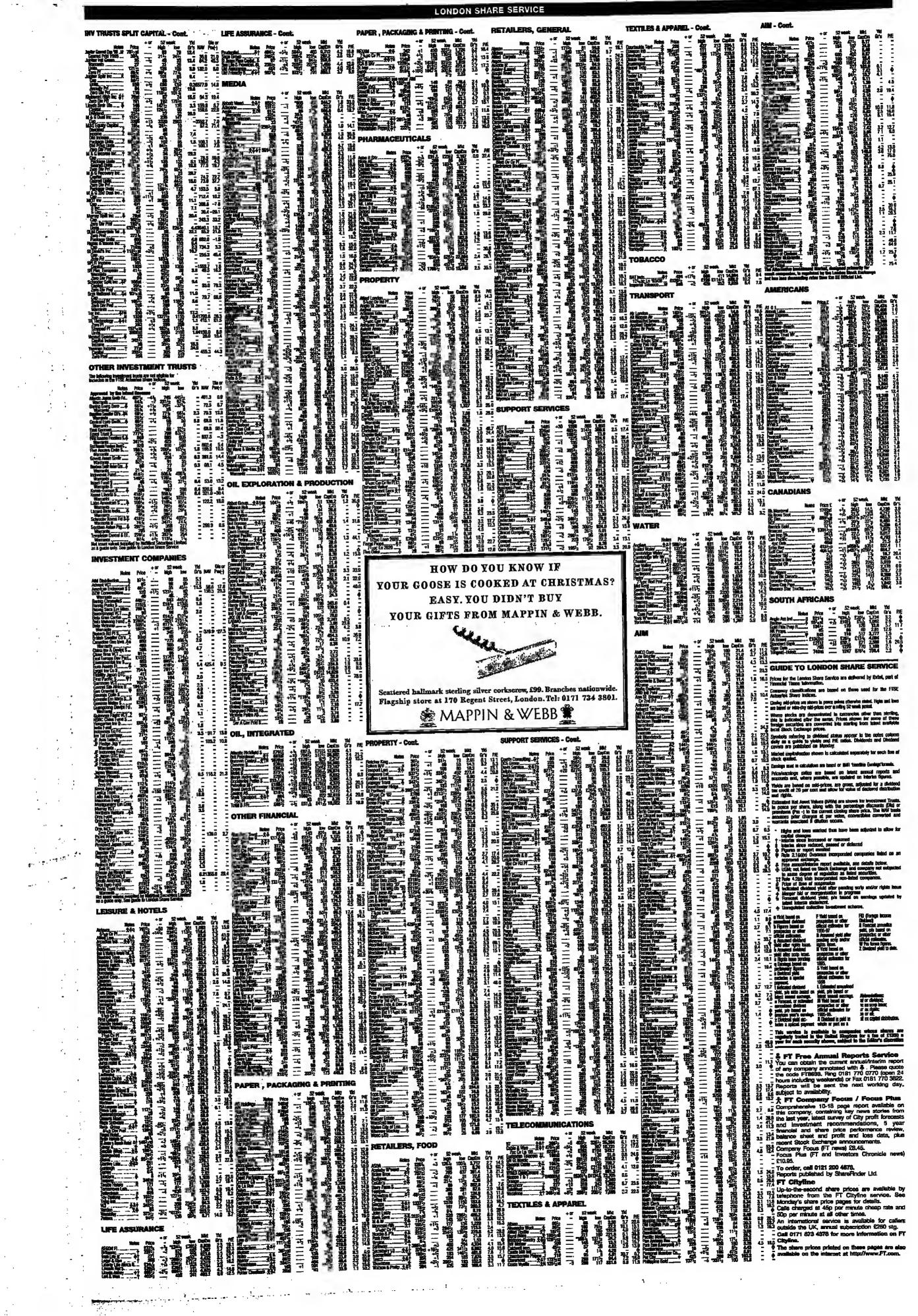
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LONDON STOCK EXCHANGE

Wall St and bid hopes drive Footsie higher

MARKETS REPORT

By Steve Thompson, **UK Stock Market Editor**

powerful display yasterday, shrugging off the worrying implications of the latest domestic economic news.

takeover activity developing in the wake of this week's hurst of bids. These have included hostile moves against Newman Tonks, Burnfield. Clyde Petroleum and lifted yesterday by a long list of London Electricity, with a total value of over £2.5bp.

Heavy trading volume was

another feature. There was evicalculation, turnover in UK equishowing and further bid speculaclaims and the Philadelphia Feding activity yesterday, with at highest daily total for some least one programme - weighted on the buy side and beavily accounted for 58 per cent of the London stocks gave another loaded with banks and insurances - put through the market. activity in Wednesday was val-Wednesday saw two programmes executed_

There has been something of a Investors preferred to focus lull in programme trading in powerful performance to London. instead on the likelihood of more recent weeks, reflecting the extreme volatility of markets in the wake of the big sell off on Wall Street three weeks ago.

> bed and breakfast, or tax-related, trades, which accounted for at least 100m shares. At the 6pm

tles totalled 1,111.5m shares, the months. Non-FTSE 100 business overall figure. Customer trading ued at £1.19bn, the highest for five trading sessions.

Wall Street gave a similarly building on Wednesday's 38-point gain on the Dow Jones Industrial Average and accelerating in early trading to post a 54 point gain, Turnover was additionally propelling the Dow through the 6,400 level.

The FTSE 100 index made good progress at the start of the session, beefed up by Wall Street's

Buying interest built strongly during the late afternoon leaving Footsie up 38.1 at 4,051.8, a two-day gain of 71.7, or 1.8 per cent. The market's second line stocks and smaller issues were not left behind; the FTSE 250 jumped 26.3 to 4,406.8 and the FTSE SmallCap 6.2 to 2,146.2.

Yesterday's UK economic supply up 10.8 per cent in the now see UK interest rates as almost certain to be lifted in the next couple of months.

a-share bid or whether expected the sale to result in

a small profit.

Enterprise jumped 19 to

614%p amid hopes for a re-rating in the oil sector fol-

Northern, whose adviser

bought stock in the market

on Wednesday, would be

abla to fight off the US

Abbey National hit a new

closing high on bid specula-

shortage of stock in the mar-

ket. The shares closed 6

higher at 742%p as press

reports noted talk that at

least one sizeable financial

sector bid or merger was

The shares have also been

holstered by hopes that ris-

ing mortgage rates would

lead to wider profit margins. Commercial Union lifted

11/2 to 688p on the back of

reports about a £146m sur-

plus on the insurer's claims

BAT Industries lifted 171/2

to 484p after announcing it

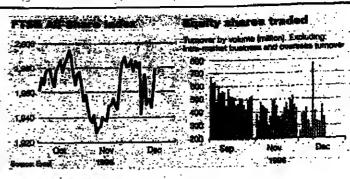
had sold its Henri Winter-

poised to hit the market.

eral Reserve survey, gave a lift to US Treasury bonds.

Traders said the London market looks set for further gains, especially if Wall Street continues its rehabilitation and if the expected takeover stories, particularly in the financial sectors, come to fruition.

Today promises plenty of news, which showed M4 money action in global markets with numerous big derivatives expiyear to November, came in above ries expected to promote intense the consensus; many economists activity. A double witching takes place in London, with expiries of FTSE 100 index options and futures taking place between The US statistics, including the 10am and 10.30am.



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	4406.8	+25.3	FTSE Non-Fins p/o	17.85	
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Legal decision hits GKN

By Joel Kibazo, Lisa Wood nd Peter John

Engineering group GKN was the main talking point of the day. A US court found it in breach of contract with its US franchisees, a ruling that could wipe out most of GKN's profits this year.

The company said the award appeared to stand at \$398m (£240m) but could be raised to a maximum of \$554m.

The news hit the stock like a bolt from the blue and sent the shares plunging as dealers moved to reduce holdings. There was extended backwardation, a situation when the offer and bid price are temporarily reversed in the rush to sell the stock. At the day's worst the stock was down 75 at 970p.

Many analysts highlighted the fact that with this year's profits consensus standing at around £365m the sward could well wipe out most of GKN's profits this year.

Nerves were steadied later and the shares clawed back analyst at Kleinwort Benson. most of the earlier losses to end 35% off at 1009%p, after trade of 5.6m.

One analyst said: "This is seriously bad news for GKN. Should the company make the payment, acquisitions will be off the agenda and dividend increases will be constrained."

rumoured to be a bid target for GKN, remained under pressure, easing another 3 to 169%p following Merrill Lynch's advice earlier on in the week for investors to

switch into GKN.

Storehouse strengthened 81/2 to 261p on turnover of 22m after the pressure of some heavy selling was removed. Dealers said Nat-West Securities had placed 8.4m shares - some 2 per cent of the issued capital with institutions over the

past two days. There was also some speculative talk that Asda might be casting an eye over the high street retailer, which is perceived by the City as vul-

nerabls and cheap. Asda firmed 3 to 126%n fola number of analysts upgrading full year forecasts. Charterhouse Tilney moved from £340m to £350m and UBS increased its estimate from £340m to £345m. Rank was the worst performer in the FTSE 100, fall-

ing 251/4 to 4161/4p, following a trading statement which failed to live up to expectations. Particularly disappointing, said analysts, was its Hard Rock cafe business. Mr Greg Feehely, leisure said a radical turnaround

and, although new management had been installed, the benefits would take time to flow through. Kleinwort, which had bottom of the range forecasts,

has not changed them,

although several other ana-

T&N, at ooe point lysts have, including Nat-West Securitles, which moved from £322m to £300m for the current year.

> Airtours climbed 50 to 7971/p, a record high, after the holiday operator said that it and Carnival Corporation planned to buy Costa Crociere, the Italian cruise line, for about £181m.

> East Midlands Electricity was heavily traded as SBC Warburg went into the market to buy 15 per cent of the shares on behalf of Dominion Resources, the US bidder, which now has more than 50 per cent. The shares improved 8 to 664'Ap with 29m changing hands.

Northern Electric gained 71/2 to 6371/2p on the last day before the ontcome of the bid by CalEnergy is lowing half year results at announced. The closing the top of expectations, with price suggested the jury was still out on whether Cal-Energy would win the 650p- mans Cigar Group and

	Dec 19	Dec 18	Dec 17	Dec 16	Dec 13	Yr ago	"High	Low
T 80	2780.6	2762.6	2740.6	2752.0	2738.3	2641.8	2005-2	2068.8
rd. div, yield	4.16	4.17	4.20	4.15	4.17	4.10	4.72	3.76
Æ ratio net	17.13	17.07	16.94	16.64	16.55	15.67	17,48	15.80
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failed to live up to expecta-	Open 9.00 10.0		12.00 13.00	14.00	15.00 18.0	30 High	Low
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pointing, said analysts, was		Dec 1	9 Dec 18	Dec 17	Dac 18	Dec 13	Yr ago
its Hard Rock cafe business.	SEAO bengains	34,32		31,801			23,758
Mr Greg Feehely, leisure analyst at Kleinwort Benson.	Equity turnover (0m): Equity bergeiner	•	- 1193.1 - 21,109	1157.6		15,827	
said a radical turnaround	Shares traded (mily)		- 393.4	364.7	453.6	325.5	656.5
was required at Hard Rock	†Excluding intra-market	and Creat	business and ov	4-20-12	mover.		

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Rises and talk		52 Week bighs	and foves	LETE Equity out	ideas.
Total Rises	698	Total Highs	90	Total contracts	51,397
Total Falls	394	Total Lows	105	Calls	29,713
Same	1,483			Puts .	21,884

FUTURES AND OPTIONS ness rose 10% to 454p with E FTSE 100 BADIEC FUTURES (LIFFE) 625 per full Index point

lowing Gulf Canada's bid for Clyde. However, the main on whisky. British Atrways gained 9% beneficiary of bid speculation and a squeeze amid a tion whipping through the oils was British Borneo. which was the best FTSE 250 performer with a rise of 46,

or 6.85 per cent, to 717/4p. United News & Media alliance. gained 23% to 683%p after SBC Warburg reiterated a "buy" recommendation. The broker marginally downgraded its 1996 profit estimates for the publishing group on currency effects. but nevertheless remained

positive on the stock. Chemicals group Laporte jumped 27 to 661%p after the company said trading was in line with expectations in the second half of 1996.

Laporte said the international spread of its businesses, together with its strong market and technology positions in specialist sectors, gave a base for solid

British Gas dipped 2 to 220%p although recent cention from ABN Amro Hoare Govett, one of the company's brokers, was offset by a presentation by the company yesterday to potential inves

WPP and Cordiant bene fited from a media confer ence in the US hosted by Paine Webber earlier in the week. WPP gained 8 to 2341 and Cordiant 31/4 to 961/sp. Whithread slipped 14% to

761p on the announcement that Mr Peter Jarvis, the group's chief executive plans to retire next summer The share price movemen reflected profit-taking after the recent gain seen in the

There was some switching from

FTSE 10 FTSE 22 FTSE 32 FTSE 33 FTSE 33 FTSE 33 FTSE 34 FTSE 34

one analyst suggesting that Christmas lunches in the City were slowing down the absorption of news, such as

to 610%p amid rumours that the company and American Airlines are in talks with KLM, the Dutch carrier, about forming a strategic

A shortage of stock in Railtrack sent the group's shares soaring to a new

+94.0 +35.0 +35.5 4056.0 4073.0 4082.0 4050,0 4083.5 4085.5 ■ FTSE 250 INDEX PUTURES (UFFE) \$10 per full index poin 4391,0 4391.0 4426.0 4445.0 +21.0 4391.0 +21.0 4445.0 IN FIRE 100 REDEX OFTION (LIFFE) (1048) 216 per full index point Calls 10,439 Pats 5,252 IN EURO STYLE FISE 100 MIDEK OFTION (LIFFE) \$10 per full index point

Open Sett price Change

high. They put on 27% to 398p, the best performing stock in the FTSE 100 yesterday. Dealers expect the government to publish per-LONDON RECENT ISSUES: EQUITIES price paid calp p up (Sm.) TRADING VOLUME \$70 F.P. 192 8412 7212 Advanced Power

_	F.P.	102	100	• 700	TATCHE DEGCERS	100		20.5	-	110 0000
6	P.P.				BZW Endowment R	md 53	+1	-	-	
6138	F.P.	59.5			Car Group	19032	-3	WS.9	26	26 18.6
5200	F.P.	39.5	246	2275	Cadcarare	23712		124	2.5	1.3 29.9
275	F.P.	2441	3112	277	Colt Telecom	25112	+1	-	-	
ş-	F.P.	16.2	81	762	Crown Leisure .	0032		W1.95	3.0	3.0 13.6
§115	F.P.	4.27	1222	12012	Down Til Dunk	1212		-	-	- 10.3
-	F.P.	61.3	823	8104	Finshury Int. Hedge	6124		-	-	
575	F.P.	7.42	8432	7912	Fourteen For-	6412	•	-		
115	F.P.	139	130 2	12212	Future let Tale	126		-	`-	
\$100	F.P.		-100	9212	Henderson Tech	100	+2	-	-	
572	F.P.	10.0	1212	872	†Higherns Systems	11312	-5	₩-	-	- 16.6
\$50	F.P.	5.81	5212	472	Kern River	5012		_	-	
\$170	F.P.	58.7		17212	Kin Group	18512	.+2	6.5	20	44 11.9
\$150	F.P.	45.6	16412	15412	Linden	16412	-	. 80	-	48 -
•	F.P.	-	5012	4012	Netcal	4012		-	-	
\$135	F.P.	264			Offer Astrocath	13512		FLB	1.9	4.2 12.0
-	F.P.	-	10212	BO) 2	†On-Line	10212	45	-	_	
-	F.P,	41.1	642	422	Oxford Blomedica	642	14	-	_	
965	F.P,	17.1	802	65 ¹ 2	Parlowood	80		R1.82	1,3	2.8 26.8
Sep. 5	F.P.	124	705	5212	Plat Tech kel	5512	13	b-	٠.	- 15.5
125	F.P.				Provend	13712		FING.5	24	33 14.0
§160	F.P.	60.5	175%	160	SOX Business Sys.	17002		122	2.6	1,8 23.5
5125	F.P.	33.5	13812	1302	Scot Highand Ht	13712	•	R3.0	24	27 137
§180	F.P.	18.1	23212		Semple Cochrane	23212	+1	-	-	- 21.0
215	F.P.	50.1	2162	215	Xenore	21612		-	-	
-	F.P.	7.94	1792	1572	Treomen Group	1572		-		
† Altern	evite:				Plexing price. * Inc.		For			does of all
					dentary Others Service					
	~				CINDEN					
	Gξ	JLD	IVII	NΕ	SINDEX					-
			-				-1			

ther symbols please							-
FT GOLD	MIN	IES	IND	EX			
			Dec. 17		Grove div	PAE	152 week High Law
rich (Misses Indiana, (1977) Regional Indiana	1035.00	+8.1	1834.07	1911.43	1.67		2029.73 1000.06
Ace (14) extendeds (5)			20\$1,20 2071,16		3.72		3553,86 2091.20 2927.34 2005.75

		45.0											-
§150	F.P.		16412					16412		. 60	-	48	_
				-	In	nicali.		13512		FLB			
§135		ZDA	14212	130,		or Anim	(T)			147	7.5	4.2	24
	F.P.		10212			n-Line		10212	45	-	_	-	-
Cor.		41.1				dord Be	ATT BUSINESS	6412	14	-			-:
965		17.1				lowood	1.4	80		R1.82		2.0	
968.5		124				bt Tech		5512	13	b_			5.5
	F.P.		157 2					13712		PM3.5		3.3	
§100						X Busine		17002		122		1.5	
	F.P.	33.5	138-2	130%	300	x High	NO HK	13712		R3.0		27	
5180						ripia (200		232 2	+1	-	-	- 2	1.0
\$215		50.1	2162	210	X	TOWN.		21612		-	-	-	-
		7.94	17034	1574	• ** **	conun G	TOLEY.	1575		-	-	-	-
	F.P.	-				nine ndo	. Inte		For	-		when o	-
† Allero other sy	ather I	plants.	refer to	The	Lánd	sing prior ten Ohio	e Surviça	odubilon	, Far	a he c	opine	adiqui ()	
† Allero other sy	ather I	plants.	refer to	720 1 =	S	and byto	e Surviça	odubilon	ři	P/E	į	week	
† Allero other sy	GC	LD	Dec 18	72 ×	S	IND Dec.	EX	Grove o	fri X	P/E	152	world,	
Alternation	GC	LD	Dec 18	72 ×	S	IND Dec.	EX Year	Grove o	fri X	P/E	152 High	world,	
Alamos other sy Celt Ma In Region	GC	LD	Duc 18	77:00 77:00	S	IND Dec. 17	EX Year age 1911.48	Grove o	fiv X	PAE matte	152 15gh 2009.3	week La	- 1.06
Cott Min	GC	LD	18 1835.1	7700 7700 71 = 71	S Land	000 17 1854.07 2051.20	Year age 1911.43	Grown of plants 1	Rv X	PAE marke	52 High 20043	week 140	1.20
Code Pilos Region Africa (14 Acceptate)	GG	Plants D as (SS)	Marie to 18 1836.8 1836.8 2126.1 2096.8	Tree	S Lord S Lord 1,7	1ND 0ec 17 1834.07 2051.20 2071.16	EX Vent 1911.43 2478.67 2569.21	Grown (plant) 1.657	Rvi X	7/E. iradio 30,48 20,88	152 1594 2009.3 2007.4	1 140 6 209 4 200	1.20
† Allers orber sy Cold star in Region Africk (14 Acctualise Horth Acc	CCC	Phones ax (52) hose	MI Dec 18 1835.8 1725.1 172.5	700 H	S I I I I I I I I I I I I I I I I I I I	Dec 17 2051 20 2071.16 1734.08	Vest 1911.43 2478.67 2569.21 1098.62	Group of plant of 1,507	Rv X	7/E 120,49 20,48 68,05	152 1592 2520 3553 2527 2156	**************************************	1.20 1.20 1.75
Alternative sylvania of the sy	e (S)	Parameter (SA)	MIII Duc 18 1835.8 1722.5 1772.5	77:00 × 10 × 10 × 10 × 10 × 10 × 10 × 10 ×	1.7 1.2 0.7	Dec 17 1854.07 2051 20 2071.16 1734.08 1734.08	EX Vent 1911.43 2478.67 2569.21	Group of plants of the plants	fiv X	76E marks 30,48 20,68 68,05	152 1594 2529,3 2527,3 2186,3 brack	1 140 6 209 4 200 19 164	1.20 5.75 8.45

Whithread into Ba 1 rose 9 to 814p. Gu	SS, Cop	ber of c	FTSE join Comparation Rathle Jos S	pational Banks US	Dollars, I	196. Al s	lates re	earwad.	Routes	in brack	test prices
SE Actuaries Sh				nstrbito	of Act	04119S		Tr	ie U	K Se	eries
	Dec 19 c	Dey's	Dec 18	Dec 17	Dec: 18	Year	Dİv. yieki%	Net	P/E	Xd adj ytd	Total Return
00 .	.4051.3		401B.2						15.84	169.78	1663.23
50	4406.B		4380.5								1803.20
50 ex 1T 50	4452.8 2009.4		4423.4								1828.34
av 60 Hjuher Yleid	1824.4		1994.0								1715.61
50 Lower Yield	2101.9		2086.4								1385.23
TIMECAD	2148.79		2140.58								1475.93 1792.11
meliCap ex IT	2152.29		2144.57								1810.07
I-Share	1979.85		1965.31								1716.00
SE Actuaries Ind					,					~~.00	11,000
		DEY'S			_	Year	Div.	Not			Total
	Dec 18 c	nge%	Dec 16	Dec 17	Dec 16	ago	yielo%	DOME	natio	yad	Return
NERAL EXTRACTIONESS	3872.14	+1,1	3828.60	3777.16	3609,70	3236.36	3.68	1.71	19.89	142.81	1697.25

		DEA.	_		_	Year	Div.	Not		Xd ad	
	Dec 18 c	ngen	Dec 10	Dec 17	Dec 16	ago	yielo%	COAR	ratio	ysd	Retu
10 MENERAL EXTRACTION(23)	3872.14				3609,70			1.71	19.86	142.81	1697
12 Extractive inclustries(6)	4018,24				4043.06			2.64		162.00	
15 Of, Integrated(S)	3690.48	+1.1	3645.04	3912.01	3937.67	3275.78	3.86	1.55		154,38	
16 OI Exploration & Prod(14)	3135.24	+1,8	3081.8	2917,57	2915.80	2117.83	1,85	1.73	43.00	53.64	1901
20 GEN INDUSTRIALS(274)	1878.36	+0.5	1961.17	1949.00	1951.50	1928.94	4.35	1.66	17.28	84.28	1105
21 Building & Construction(34)	1182.89				1164,86			1.56	22.51	40.70	1008
22 Building Matts & Merchs(29)	1787.89				1758.29			1.40	20.57	.77.74	928.
23 Chamicala(25)	2316.75				2316.52			1.43	19.70	102.40	1125
24 Diversified Industrials(19)	1470.33				1434.18			1.62		94.10	
25 Sectronic & Sect Equip(35)	2281.26				2215.10			1.34		78.28	
26 Engineering(71)	2564,31				2540.19			2.29		81.67	
27 Engineering, Vehicles(14)	3032.85				3082.53			1.71		103.02	
25 Peper, Poky & Printing(28) 29 Textiles & Apparei(19)	2477.13 1022.08				2445.34			1,86		100.35	
			_					1,12		70.34	
30 CONSUMER GOODS@2	3730.05				3702.39			1.95		146.20	
32 Alcoholic Severages(8)	2677.88				2617.86			1.85		126.1e	
33 Food Producers(25) 34 Household Goods(15)	2646.57				2610.02			1.77		105,92	
38 Health Care(18)	2572.63				2507.92			2.23		191.87	
37 Pharmacouticais(1.5)	2001.50 5577.25	+0.3			1998.81			1.93		56.96	
38 Tobacco(2)	4052.07	-2.5			6686.92 4002.19			201		172.19	
				_				2.13		262.07	
40 SERVICES(252)	2600.34				2570.38			1.98		83.18	
41 Distributors(30)	2845,97				2870.20			2.01		91.07	
42 Leisure & Hotele(25) - 43 Media(44)	3268.AT 4201.31				3231.38			2.00		173.45	
4 Retailers, Food(14)	2151.97				4109.94 2087.48			2.12		93.71	
45 Retailers, General 459	2051.17				2052.56			2.29		77.71	
47 Broweries, Pube & Rest.(21)	3254.15				3219.55			2.10		73.48 104.53	
48 Support Services(50)	2726.65				2719.80			2.21		50.43	
49 Transport(23)	2685.97				2618.82		3.61			93.48	
O UTELITESES	2520.61				2484.81		5.36	1.70			_
62 Sectricity(12)	2728.38				2676.54			2.15		165.51	
64 Gas Distribution(2)	1488.75				1588.15			e.54		459.01	
St Telecommunications(6)	2112.84				2072.27			1.64		58.10	
68 Water(11)	2290.05				2234.11			2.32		135.09	
NON FINANCIAL SISSO	2060.65		_	-							
			_	_	2096.28	_		1.52	17,85	86.72	1604
70 FINANCIALS(104)	3428.44	+0.5	3404.80	3354.61	3366,26	2835,72	3.89	2.36	13,59	131.39	1512
71 Banks, Retall(8)	4909.40				4840.11			2.70		182.15	
72 Sanks, Merchantis)	3898.42				3886.43			3.01	15.56	104,20	1257
3 Insurance(21)	1630.99				1575.47			2.29	10.59	80.65	1263
74 Ule Assurance(7)	\$978.47				3917,34			1.78	17.94	151.01	1691
77 Other Financial(20)	2784.35				2760.35			1.77	17.53	104,43	1624
79 Property(42)	1743.08	+1.4	1719,37	1696.15	1663.32	1995.72	3.60	1.34	25.36	64.65	1101
O INVESTMENT TRUSTS(126)	3096.83		3097.72	3092,A1	3102.83	2590,69	231	1.12		70,48	
89 FTSE AL-Share(884)	1979.85				1955.20		_	1.91			
		_	_		_	_	_			80.69	
TSE Fledgling TSE Fledgling ex IT	1207.33				1204.18			0.70	62.17	34.60	1283
LOC LEGISION SX IX	144443	+0.2	W.C	1278.56	1219,71	THE	3.08	0.62	65.45	37.76	1309

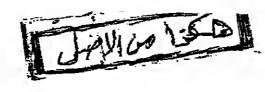
	Open										Low/day
FTSE 100 FTSE 250 FTSE 950	4384.7	4388.1	4390.B	4292.9	2393.9	4395.1	4398.3	4400.7	4405.5	4051.3 4405.8 2009.4	4018.2 4384.9 1995.1
Tane of FTSE 100	Day's Ngt; 4	22 PM De	's low: 11;	31 AM F	SE 100 19	96 High: 4	673.1 (21/1	0/98) Love:	3652.3 (14	5/07/96	

FTSE 350 Industry baskets

Open 9.00 10.00 11.00 12.00 13.00 14.00 1147.8 1152.8 1153.6 1151.8 1151.8 1153.3 11

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CONTRACTS & TENDERS ÁPV RT. HUNGARIAN PRIVATIZATION AND STATE HOLDING COMPANY purchase of the state-owned registered shares guaranteeing equal shareholders' rights representing 87,69 percent ownership share with par value of HUF 701,550,000 of Bakony Füszért Rt., (hereinafter: Company) / 8000 Székesfehérvár, Sóstó Repülőtés, (Trade Registry no.: 07-10-001034/04) established under Act XIII, of 1989. Registered capital of the Company: 800.000.000 Equity of the Company: 1.219.435.000 APV RL 739,810,000 40,000,000 HUF HIJF 30.190.000 3. Bids shall be submitted to the address specified below in a closed unmarked envelope in five copies in Hungarian. Foreign bidders are allowed to submit their bids also in English or in German, but even by this case the Hungarian version will rule. Bids shall be submitted in person or by a proxy in the presence of a notary public within the specified time. The following text must be written on the envelope: "PÁLYÁZAT: BAKONY FÜSZÉRT BT." 4. The bidder shall mark the original copy with the inscription "EREDETT". If the bidder fails to do this, the Caller will choose one from the copies submitted which further on will function as the original. Should there he any discrepancies among the copies the 5. Deadline for submission: February 5, 1997, between 12.00 and 14.00 hours Place of submission: APV Rt., H-1133 Budapest, Újpesti rkpt. 31-33. 8th floor, room 807 6. At least 80 percent of the purchase price is to be paid in cash, the remaining sum can also be paid by cash or compensa coupons. The deadline for the payment in full of the purchase price cannot be longer than 30 days. The Caller will not accept Foreigners can only bid in currences accepted as convertible by the National Bank of Bungary (MNB), taken into account by the Caller at the effective foreign exchange purchase rate officially published by MNB at the time of the submission deadline. Neither on coupons. Foreigners can only use compensations coupons acquired in their own right. Compensation coupons are raten into account by the Caller at a rate of 174,2%. 7. Bidders shall undertake to maintain their bids for 120 (one hundred and twenty) days from the submiss 8. To prove their intention to purchase bidders shall pay or transfer HUF 10,000,000 (ten million) as retention money until the subdline to the secount opened for this purpose by APV Rt. with MKB (Hungarlan Foreign Trade Bank) specified in the detailed tender invitation. The Caller shall dispose of this sum in line with the rules on retention money. 9. Following the evaluation the final decision is taken by the Caller. The Caller reserves the right to declare the ten of view of the bid prepared by the Company constitute an integral part of the pres a declaration of confidentiality is subject to submitting bids. The tender documents consortium, by one of the members) personally or through a proxy directly The proxy shall attest his power of representation or the extent of his po private contract having full conclusive force. The existence of the man Information concerning the Company CEO Mr. Istvin Nagy on the pres Tcl.: (36-22) 316-410 Portfolio menager Mrs. Both, Zsuzsa Kellner Address: APV Rr. Tel.: (36-1) 269-8600, ext.: 2193



	FINANCIAL TIMES FRIDAY DECEMBER 20 1996	37
Andrew States	Highs & Lows shown on a 52 week basis WORLD STOCK MARKETS	
	EUROPE Fig. Lear Ye Mr.	1000年間の日本のでは、1000年により、1000年によりによりによりによりによりによりによりによりによりによりによりによりによりに
¥ a. , Geo_	Harrier 2.00 -92400 1,809 20 129 34 15 15 15 50 1,00 1,00 1,00 1,00 1,00 1,	27. 1-29. 14. 15. 16. 16. 16. 16. 16. 16. 16. 16. 16. 16
		以为,我们们是一个人,我们们是一个人,我们们是一个人,我们们们是一个人,我们们们,我们是一个人,我们们是一个人,我们们们是一个人,我们们们们们们们们们们们们们们们们们们们们们们们们们们们们们们们们们们 一个人,我们们们们可以是一个人,我们们们们们们们们们们们们们们们们们们们们们们们们们们们们们们们们们们们们
	Rockwell components for heavy and medium duty trucks and trailers keep businesses on the road to exceptional performance. **Rockwell components for heavy and medium duty trucks and trailers keep businesses on the road to exceptional performance. **Rockwell components for heavy and medium duty trucks and trailers keep businesses on the road to exceptional performance. **Rockwell components for heavy and medium duty trucks and trailers keep businesses on the road to exceptional performance. **Rockwell components for heavy and medium duty trucks and trailers keep businesses on the road to exceptional performance. **Rockwell components for heavy and medium duty trucks and trailers keep businesses on the road to exceptional performance. **Rockwell components for heavy and medium duty trucks and trailers keep businesses on the road to exceptional performance. **Rockwell components for heavy and medium duty trucks and trailers keep businesses on the road to exceptional performance. **Rockwell components for heavy and medium duty trucks and trailers keep businesses on the road to exceptional performance. **Rockwell components for heavy and medium duty trucks and trailers keep businesses on the road to exceptional performance. **Rockwell components for heavy and medium duty trucks and trailers keep businesses on the road to exceptional performance. **Rockwell components for heavy and medium duty trucks and trailers keep businesses on the road to exceptional performance. **Rockwell components for heavy and medium duty trucks and trailers keep businesses on the road to exceptional performance. **Rockwell components for heavy and medium duty trucks and trailers keep businesses on the road to exceptional performance in the road to except a second performance	では、 では、 では、 では、 では、 では、 では、 では、
	Rockwell components for heavy and medium duty trucks and trailers keep businesses on the road to exceptional performance. **Rockwell** **Roc	のでは、
	30 13 14 150 150 150 150 150 150 150 150 150 150	のでは、日本のでは
	HAME (Dec 19/Fix) April A	2.56 10 2.7 13.3 2.8 45 20.30 2.0 2.7 13.3 2.8 45 20.30 2.0 2.7 13.3 2.8 45 20.3 2.7 14.5 20.2 2.5 12.5 2.5 12.
	Argundon Argund	770 24 32 148 8.75 4855 1.5 17.4 8.75 4855 1.5 17.4 8.75 4855 1.5 17.4 8.77 200 1.2 — 142 111 2.3 — 142 111 2.3 — 152 10.0 1.4 10.5 8.50 0.0 4.6 10.5 8.50 0.0 4.6 10.5 8.50 0.0 4.6 10.5 8.50 0.0 4.6 10.5 8.50 0.0 4.6 10.5 8.75 0.0 5.5 10.5 8.75 0
	Printier Comp. (163-55) C35.51	2.75 22.50 1.8 12.7
	Dec 223.5 235.0 43.0 2231.5 2.413 6.095 Jan 1824.00 1838.00 +21.25 1851.00 1820.50 6.834 20.519 Mar 20030.0 19690.0 -480.0 20160.0 19690.0 33.841 205.385 Stocks Closing Change Traded Prices on day T	Typical For Marking Fig. 1904 200 805 805 805 805 805 805 805 805 805 8

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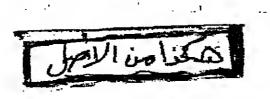
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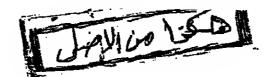
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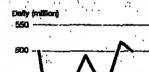
on dollar and EUROPE bond gains

Strength in the currency and bond markets belped US

ehares to move higher at midsession, writes Lisa Bransten in New York. At 1 pm, the Dow Jones Industrial Average was up

67.28 at 6,414.05 and the Standard & Poor's 500 added 8.12 at 739.66. Volume on the NYSE came to 278m shares. Technology shares were also strong as they contin-ued the rally that begun on

Wednesday. The Nesdag composite,



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which is about 40 per cent technology shares, added 7.24 at 1,292.62 and the Pacific Stock exchange technology index was 0.6 per cent higher.

The value of the dollar was lifted in early husiness by a narrower than expected US trade deficit and currency gains, which combined with some new signs of economic weakness to boost bond prices and send yields lower. By early afternoon the yield on the benchmark 30-year Treasury had fallen about 5 basis points to 6.652

Lower yields sent interest rate sensitive bank stocks higher. Chase Manhattan Bank added \$2% at \$89% and Citicorp was \$2 stronger at

MEXICO CITY extended

early gains towards midses-

The IPC index was 39.79 or

3,312.95, in befty midsession

BUENOS AIRES moved

gently ahead at lunchtime, taking its lead from New

York, and the Merval index

registered a gain of 2.71 at

moved higher for the second

day running in spite of a

roller-coaster ride for the

Beers diamond giant.

NATIONAL AND REGIONAL MARKETS

Canada (115

Hong Kong (59

Aexico (27).

Norway (35) Philippines (22) ... Singapore (43) ...

Spain (37) ..

stock market leader, the De

The overall index gained

53.1 to 6,468 following a rise

of 89.6 to 7.724.7 for indus-

trial shares. Gold shares.

held in check by a dull bul-

lion price, remained sub-

dued, adding 2.6 to 1.491.3.

Dealers said that turnover

was healthy with bargain R128.50, down R1.

FT/S&P ACTUARIES WORLD INDICES

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volume of 63.5m shares.

and early gains on

sion on a combination of was suspended on Wednes-

was also belped by an upgrade from an analyst at Prudential, rose \$31/4 at \$97%. Elsewhere, Nike jumped \$6 or 10 per cent to \$61% after

reporting better second quarter results than expected. After the market closed on Wednesday, the sporting shoe and apparel company said that net income rose by more than 76 per cent from the same period last year to 60 cents a chare. Analysts had forecast earnings closer to 54 cents a share.

Conrail rose \$1% to \$100% as CSX, which has a friendly offer to acquire Conrail. raised its bid by \$16 per share. CSX shares dropped \$1% to \$44 on the news, while shares in Norfolk Southern, which has leunched a hostile bid for Conrail, added \$\% at \$86\%.

GE, which is a component of the Dow, rose \$2% at \$101% after announcing that it would extend its share huyback programme to 1998 and raise its dividend by 13 per cent. Other rising components of the Dow included Procter & Gamble up \$2% at \$106% and Merck, which gained \$2% at \$79%.

TORONTO moved ahead strongly, aided by the initial surge on Wall Street. At noon, the 300 composite index was showing an advance of 58.26 at 5,785.90.

Almost all of the 14 index sector groupings moved up during the morning, with conglomerate and financial services stocks making most of the running. Conglomerates were up 2.25 per cent helped by another strong day for Canadian Pacific which added C\$1.15 to C\$35.50.

Banks were buoyant with Royal Bank of Canada C\$1.00 ahead at C\$46,80 and Toronto-Dominion Bank up 65 cents at C\$34.25.

Alcan Aluminium put on 75 cents to C\$45.80 and Bar-\$103. NationsBank, which rick Gold 30 cents to C\$40.90.

4.1m shares traded.

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Dow surges Paris climbs again, takeover talk rampant

There were more new all time highs, in MADRID, LIS-BON and BUDAPEST: but PARIS starred for the second day in succession as the CAC 40 index closed 29.81 higher at 2,248.70. Sanofi jumped by more

than 6 per cent, ending FFr29 higher at FFr494 after Elf Aquitaine put its 53 per cent stake in the drugs group on the auction block. Elf itself made a profits forecast and added FFr19.80 at FFT455.60.

There were strong gains elsewhere on what dealers described as a further outbreak of rampant takeover talk. Rhône Poulenc, up FFr1.70 et FFr167.70, kept the pot boiling as it announced that it planned to merge its animal health activities with those of Merck of the US.

Carrefour gained FFr157 to FFT3,277 after It raised Its stake in GMB, the owner of the Cora supermarket chain. by 6.1 per cent to 41.4 per cent. Credit National, which jumped 7.5 per cent on Thursday on bid rumours, continued to gain ground. adding FFr2.20 to FFr306. On the downside, Renault

forecast about French car sales in 1997. AMSTERDAM was underpinned by a strong early showing on Wall Street. The

fell FFr3.30 or 3 per cent to

FFr107.20 after a gloomy

FTSE Actuaries Share Indices Open 10.30 11.00 12.00 13.00 14.00 15.00 Chies FTSE Eurotrack100 1861.44 1860.98 1860.16 1859.62 1860.00 1862.42 1865.59 1865.10 FISE Euroback200 1922.78 1821.01 1920.04 1921.02 1920.42 1924.20 1925.01 1925.12 Dec 18 Dec 17 Dec 16 Dec 13 Dec 12 Alay: 100 - 1658.65 200 - 1818.25. † Padd

AEX index ended up 7.13 at been tipped as growth pros-625.56 and PolyGram, the music offshoot of the Philips electronics giant, led individual stocks with a gain of at DM44.19. The sector the-Fi 5.70 or more than 7 per cent at F185.70.

Nutricia put on Fl 10.30 or 4 per cent to Fl 263.50 after the foods group announced plans for a dairy foods business ewap. Among interna tionals, Unilever rose Fl 3.40 to Fl 291.40 and Royal Dutch by Fi 2.10 to Fi 293.60. FRANKFURT

unchanged interest rates, a Bundesbank cut in its M3 growth target, plus gains in the dollar, hunds and on Wall Street to bite on. But its equities underperformed again, the Dax index coming in just 10.60 higher at an Ibis-indicated 2,824.83. Turnover fell from

DM9.2bn to DM9bn. Brokers said that investors were reluctant to take new positions ahead of the Christmas holidays and the expiry of DTB options today. However, there was movement in the banking and eutomotive

pects for 1997. In banks, Dresdner took the lead with a gain of 52 pfg ory was that growth in the German economy would trim banks' risk provisions next year.

Among carmakers, Volks-

wagen rose DM9.25 as Mr Christopher Will of Lehman Brothers saw the Lopez affair as a buying opportunity. Daimler put on DM1.35 to DM101.35. Here, there was further talk that the Mercedes Benz chairman, Mr Helmut Werner, chairman of Daimler's luxury car and truck unit, would leave the company, and that this would put an end to the infighting between Mr Werner and the Daimler chair-

ZURICH saw downward pressure from falls in Sandoz and Ciba as investors positioned themselves for the start of trading in Novartis on Monday.

man, Mr Jürgen Schrempp.

But Wall Street came to the rescue and the SMI index finished 6.8 ahead at 3,880.9,

clients. The market had been

weak since Tnesday's eco-

nomic policy statement

failed to restore investor

Krung Thai Bank was

832,60

Sandoz fell SFr23 to SFr1,502 and Ciba was SFr19 down at SFr1,604 on profittaking, with some funds said to be selling to ensure that they were not too heavily invested in Novartis, which will have a weighting of 26 per cent in the SMI index. Roche certificates, up SFr120 at SFr10,190, were another beneficiary of

switching. Swissair tumbled SFr62 or 5.7 per cent to SFr1,025 as high hopes for positive news from yesterday's press conference proved unfounded. The shares had been on the slide since late March, but reversed direction earlier this month, rising from SFr970 on December 6 to

SFr1,069 on Wednesday. MILAN moved ahead on hopes that forthcoming inflation data could open the way to a cut in interest rates and the Comit index finished 3.82 higher at 655.40.

Telecoms stocks, which would benefit from lower rates because of their high level of indebtedness, continned ahead. Stet added L104 to L6.744. Telecom Italia L56 to L3.798 and Tim L78 to L3,756.

Shares of Costa Crociere, the cruise ship operator which had been suspended since Monday, jumped L529 to I.3 710 after being readmitted to trading. Airtours of the UK said that it had

EUROPEAN EQUITIES TURNOVER Monthly total in local currencies (bn) Sep 1996 1996 1995 110.65 37.51 14.40 121.08 43.99 116,23 32.90 21,35 302,37 249,49 57,868 58,00 42,52 20.82 244.54 225.15 168.24 131.51 184.42 124.14 50,252 41,528 42.10 29.80 47.10 47.00 1,872.79 1,983.28 116.00 148.20 194,20 27.78 30.19 35.03

Estimated; figures for October and Nov ensing from the move to the Crest settle

Boosted by the spectacular debut for Deutsche Tele-kom, the German telecoms giant, equity market turnkom, the German telecoms giant, equity market turnover on continental bourses rose sharply last month.
According to Mr James Cornish at NatWest Securities, domestic turnover across Europe expanded by 17
per cent to improve significantly on the 13.7 per cent
of October, but was still some way short of the 36.5
per cent rise notched up in September. Domestic volumes in Germany led the way. The Dax index
advanced by more than 5 per cent during November
and, combined with heavy initial trading following
the flotation of Deutsche Telekom, this helped push
up overall volume by 35.3 per cent. overall volume by 35.3 per cent.

acquire the company. STOCKHOLM rumoured that Sandvik was planning a share buyback; the B shares rose SKr8.50 to SKr180.50 although all the speciality metals and toolmaking group would admit to was an

eye on a US quotation.

Carnival Corp of the US to a new Celsius flight surveillance system would open up a billion crown market; the defence company put on SKr6.50 et SKr102 as the Affärsvärlden General index closed 17.4 higher at 2,345.7.

in in Cal Energy

Written and edited by William Cochrane, Michael Morgan and

Tokyo hits 1996 low as Seoul rebounds 4.5%

Lete waves of selling, particularly by foreign investors, drove TOKYO down 2.6 per cent to a new 1996 closing low. Nearly 500 issues lows as the 225 average registered its third-largest daily loss this year, writes Gwen

The Nikkei 225 average fell 522.36 to 19,570.67, after moving between 19,560.39 and 20,098.62. Following the previous day's 1.6 per cent drop, a report in Japan's financial press about the impact on wages of the scheduled increase next April in con-Mexico City 1.2% ahead sumption tax, from the current 3 per cent to 5 per cent, and the end of special tax LIMA reopened at its norbreaks, fuelled concerns mal starting time after trade about the economy and per-

sonal consumption.

renewed foreign demand, day due to heavy falls fol-The downward momentum which spurred local huying, lowing the continuing bos-By midsession, the general pressure. Volume swelled to index had given up another an estimated 421m shares, 1.2 per cent higher at 8.7 at 1,330.6. against Wednesday's 343m. Santander Investment, as individual investors based in Lima, noted that rusbed to sell speculative the bostage crisis did not issues and foreign investors dumped electricals and securepresent a new outbreak of widespread violence and it rities bouses. Declines led advances by 1,069 to 93, with recommended investors to

The FT/S&P Actuaries World Indices are owned by FTSE international Limited, Goldman, Sachs & Co. and Standard & Poor's. The Indices are compiled by FTSE

n day Yield

0.3 4.33
0.0 1.90
0.8 8.76
2.3 1.71
0.3 2.01
0.6 1.69
1.5 2.18
1.0 2.90
0.2 1.62
-0.6 3.23
1.1 1.57
0.5 9.45
1.2 2.23
-1.2 0.80
-0.3 1.11
1.1 1.08
1.0 2.92
-0.1 3.99
0.2 2.07
-0.3 0.64
0.2 1.08

0.2 0.3 1.6 1.8 0.5

0.8 2.00 0.8 2.92 1.4 2.02 -0.9 1.28 0.0 2.14 0.8 2.02 0.9 2.30 -0.2 2.85

use the market weakness as 69 unchanged. The Topix index of all a buying opportunity. first-section stocks shed 28.75, or 1.92 per cent, to De Beers deal in spotlight 1,469.73 and the capitalweighted Nikkel 300 was down 4.89 et 279.09. In Lon-Shares in Johannesburg hunting lifting the day's don, the ISE/Nikkei 50 index

activity to almost R850m. rose 2.50 to 1404.36. Analysts noted the absence of public investment Sonth African Breweries added R2.50 to R112.50 and Sasol added R2 to R56 in funds, including pension funds, which often underpin-De Beers was the main ned the market on dips. feature of the day, falling "There's really no reason to steeply in the morning on support the market ahead of worries about its Russian year-end corporate book closing, and at the same marketing deal but recovering in later trading. The time there's e lot of nervousstock touched a session low ness ebout what's happening on Wall Street," said Mr Richard Jerram of ING Barof R121.75 before closing at

US Pound Dollar Sterling Index Index

ings. Foreign investors, in particular, were increasingly reluctant to take more risks ahead of the Christmas and buying heavily. New Year boliday period, he added.

As a sector, securities rewrote their year-to-date houses retreated by as much as 5.2 per cent to hit further 1996 lows. Nikko Securities fell Y39 to Y916, Daiwa by Y100 to Y1,050 and Nomura by Y40 to Y1,780. Speculative issues were dumped: Clarion, the car audio equipment maker, slid Y49 to Y531.

Among the few international blue chips to gain, Toyota added Y20 to Y3,130 and Canon Y10 to Y2,370. Foreign selling focused on electricals as well as securi ties houses, Hitachi shedding Y30 to Y1,040 and NEC Y40 to Y1.310.

Non-life insurers, however, reversed their downward trend following big losses accelerated in the afternoon earlier this week on conagreement on deregulating Japan's non-life insurance industry. Tokio Marine and Fire advanced Y30 to Y1,060 and Mitsui Marine and Fire by Y14 to Y591.

In Osaka, the OSE average plunged 375.68 to 20,098.61 and volume soared to 78.4m

SEOUL rebounded 4.5 per cent after s six day losing streak amid reports that the finance ministry had urged pension fund supervisors to buy Won300bn worth of shares by the end of the

The composite index fin-ished 29.58 higher at 690.97. led up by recent undersub-index gained 6.1 per cent to 1,277.90 as Dongsuh Securities rose Won500 to Won8,100 and Daewoo Securities climbed Won800 to Won12,200.

Brokers attributed ths gains to improved sentiment, which made for renewed

202.72 179.67 145.78 162.87 199.84 204.88 159.66 181.38 402.43 366.68 288.38 323.32 408.40 418.87 294.18 300.82 237.30 210.32 170.65 190.66 194.24 254.34 216.29 232.27 107.09 94.91 77.01 98.04 106.36 193.95 105.33 163.95 267.84 237.20 182.46 215.03 237.20 273.93 222.43 222.83

295.42 261.82 212.44 237.35 295.42 307.82 243.34 246.90

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 218.15
 244.86
 282.85
 317.82
 257.81
 259.70

 186.20
 186.02
 133.90
 148.60
 148.45
 193.

demand from retail investors, adding that pension two-day decline of close to 15 funds had not yet started

HONG KONG saw BANGKOK hit a new low strength in some blue chips for the year after another which took the Hang Seng session of concerted foreign selling. The SET index came 12,846,56 and while turnover picked up to HK\$7.2bn, the off 21.22 or 2.5 per cent to overall tone was subdued ahead of the holiday period. Sales of leading stocks by foreign fund managers were HSBC Holdings closed said to have sparked heavy HK\$2 higher at HK\$157, forced selling by local retail

while Hutchison and Sun Hung Kai Properties each rose HK\$1.25 to HK\$58.00 and HK\$92 respectively.

SINGAPORE was propped up by a 30 cent rise in Cycle and Carriage to S\$17 in othagain the most active stock. erwise quiet conditions and

index finished 3.75 higher at pany. 2,199,35

WELLINGTON closed NZ Telecom boosting turn-Telecom came off 10 cents to NZ\$7.20 in NZ\$105m of turnover. Brokers cited selling by offshore players.

SYDNEY moved ahead in quiet pre-Christmas trade with the All Ordinaries index ending up 8.0 at 2,331.7. BHP added 12 cents at A\$17.05 ahead of today's results. Foster's gained 5 cents to A\$2.41 amid talk that the brewing group may the index up 0.091 at 64.343.

It ended off Bt4 at Bt52 for a the Straits Times Industrial buy BHP's stake to the com

MANILA shares surged in active trading, the composite lower with large trades in index gaining 48.58 or 1.6 per cent to 3.154.38. Brokers said index 80.54 higher at over. The 40 capital index fund managers had been came off 15.31 to 2,335.91, busy squaring their books ahead of the Christmas shutdown. Turnover was 3.7bn pesos,

SHENZHEN saw further heavy losses that took the domestic A index down 8.7 per cent to 357.85 while the hard currency B shares gave up another 5.4 per cent to 126.54, SHANGHAL'S A index dropped 5.4 per cent but its B shares held steady, with

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VIEWPOINT

... Commerzbank's focus on German and European economic issues 12/96

THIS ASRUPT CHANGE in the structure of Germany's balance of psyments was reflected in s reversal of its capital flows. A net export of funds to the tune of DM475hn from 1986 to 1990 became s net import of DM240bn between 1991 and 1995. This was even more theo was reowired to compensate for the current-account deficit; the Bundes-

wise have been exported went THE PRICE would certainly have heeo higher, though, if the markets' faith in the D-mark a: s stable investment currency had not been maintained. Since the fall of the Berlin Wall, the external value of the German currency has risen by a sixth. Thus, even during the critical phase of the first post-unification years, high interest rates and the upward potential of the D-mark lured foreign capital into German securities.

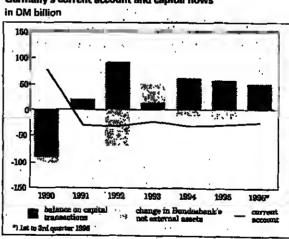
Germany's currentaccount deficit and financial markets

country's balance of payments. Whereas the second half of the 1980's saw high current-account surpluses, which were reflected in correspondingly large increases in German assets abroad, there have been sizeable deficits since 1991. As a result, not foreign assets have shrunk. But, contrary to what might have been expected, Germany's change from being a net exporter of capital into a net importer has not exposed the D-mark to sustained downward pressure, nor have any lasting adverse effects been registered in the financial markets.

Bercelona, Beijing, Beirut, Bombay, Bratislava, Broque Caracas, Chicago, Copenhagos Grand Cavman, Hong Kong. Madrid, Manama, Mexico (St. Milan, Minak, Moscow, New São Pando, Saoul, Shanshai

German unification radically altered the structure of the

THE MOST IMPORTANT reason for the current account's slide into deficit was the surge in demand from eastern Germany, causing imports to rise sharply. At the same time, the expansion of German exports during the early 1990's was weak, given the slowdown in the world economy and the inability of producers in the former GDR to compete internationally. Since sales prospects were often better in eastern Germany than in the fiercely contested world markets, some German goods that would otherGermany's current account and capital flows in DM billion



bank sdded to its oet foreign seets during this period.

THE CHANGE in the direction of capital flows mainly occurred in securities transactions, through which a net DM268bn entered Germany between 1991 and 1995. In addition, banks imported DM137bo io the form of short-term funds, for the most part a reflection of other balanceof-payments transactions. But how was this massive swing in financial flows engineered?

DURING THE 1986'S, DMdenominated bonds bore lower interest rates than comparable US issues. Immediately after unification, however, they jumped to roughly US levels. These were the rates demanded by the markets in expectation of higher German inflation and twin deficits in the wake of unification.

ing of the deficit should not be allowed to obscure the fact that in the medium term, Germany should run a current-account surplus. Fiscal consolidation is therefore vital - and not just in order to meet the Maastricht criteria. In particular, a lowering of the overly high tax burden and non-wage costs will improve Germany's attractiveness as an iovestme ot locstico. This, io turn, would encourage more foreign direct investment, reducing Germany's dependence on portiobo investment.

THE CURRENTLY SMOOTH STRANG

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